

**Original**  
**REVISED**

**MICHAEL DUNN**  
**CENTER**

**CN1509-038**



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson Building

500 Deaderick Street, 9<sup>th</sup>

Floor Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

## INSTRUCTIONS FOR FILING AN APPLICATION FOR A CERTIFICATE OF NEED

Please read the following instructions, the Rules and Regulations of the Agency, and Tennessee Code Annotated, §68-11-1601 *et seq.*, prior to preparation of this application.

**DOCUMENTATION:** In preparing this application, it is the applicant's responsibility to demonstrate through its answers that the project is necessary to provide needed health care in the area to be served, that it can be economically accomplished and maintained, and that it will contribute to the orderly development of adequate and effective health care facilities and/or services in this area. Consult Tennessee Code Annotated, §68-11-1601 *et seq.*, Health Services and Development Agency Rule 0720-4-.01, and the criteria and standards for certificate of need document Tennessee's Health: Guidelines for Growth, for the criteria for consideration for approval. Tennessee's Health: Guidelines for Growth is available from the Tennessee Health Services and Development Agency or from the Agency's website at [www.tennessee.gov/HSDA](http://www.tennessee.gov/HSDA). Picture of the Present is a document, which provides demographic, vital, and other statistics by county available from the Tennessee Department of Health, Bureau of Policy, Planning, and Assessment, Division of Health Statistics and can be accessed from the Department's website at [www2.state.tn.us/health/statistics/HealthData/pubs\\_title.htm](http://www2.state.tn.us/health/statistics/HealthData/pubs_title.htm).

*Please note that all applications must be submitted in triplicate (1 original and 2 copies) on single-sided, unbound letter size (8 ½x 11 ) paper, and not be stapled nor have holes punched. Cover letter should also be in triplicate. If not in compliance as requested, application may be returned or reviewing process delayed until corrected pages are submitted.*

**REVIEW CYCLES:** A review cycle is no more than sixty (60) days. The review cycle begins on the first day of each month.

**COMMUNICATIONS:** All documents for filing an application for Certificate of Need with the Health Services and Development Agency must be received during normal business hours (8:00a.m. - 4:30p.m. Central Time) at the Agency office, located at the Andrew Jackson Building, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243. For the purpose of filing Letters of Intent, application forms, and responses to supplemental information, the filing date is the actual date of receipt in the Agency office. These documents, as well as other required documents must be received as original, signed documents in the Agency office. Fax and e-mail transmissions will not be considered to be properly filed documentation. In the event that the last appropriate filing date falls on a Saturday, Sunday, or legal holiday, such filing should occur on the preceding business day. All documents are to be filed with the Agency in *single-sided and in triplicate*.

**LETTER OF INTENT:** Applications shall be commenced by the filing of a Letter of Intent. The Letter of Intent must be filed with the Agency between the first day and the tenth day of the month prior to the beginning of the review cycle in which the application is to be considered. This allowable filing period is inclusive of both the first day and the tenth day of the month involved. The Letter of Intent must be filed in the form and format as set forth in the application packet.

Any Letter of Intent that fails to include all information requested in the Letter of Intent form, or is not timely filed, will be deemed void, and the applicant will be notified in writing. The Letter of Intent may be refiled but, if refiled, is subject to the same requirements as set out above.

**PUBLICATION OF INTENT:** Simultaneously with the filing of the Letter of Intent, the Publication of Intent should be published for one day in a newspaper of general circulation in the proposed service area of the project. The Publication of Intent must be in the form and format as set forth in the application packet. The Publication of Intent should be placed in the Legal Section in a space no smaller than four (4) column inches. Publication must occur between the first day and the tenth day of the month, inclusive.

1. A "newspaper of general circulation" means a publication regularly issued at least as frequently as once a week, having a second-class mailing privilege, includes a Legal Notice Section, being not fewer than four (4) pages, published continuously during the immediately preceding one-year period, which is published for the dissemination of news of general interest, and is circulated generally in the county in which it is published and in which notice is given.
2. In any county where a "newspaper of general circulation" does not exist, the Agency's Executive Director is authorized to determine the appropriate publication to receive any required Letter of Intent. A newspaper which is engaged in the distribution of news of interest to a particular interest group or other limited group of citizens, is not a "newspaper of general circulation."
3. In the case of an application for or by a home care organization, the Letter of Intent must be published in each county in which the agency will be licensed or in a regional newspaper which qualifies as a newspaper of general circulation in each county. In those cases where the Publication of Intent is published in more than one newspaper, the earliest date of publication shall be the date of publication for the purpose of determining simultaneous review deadlines and filing the application.

**PROOF OF PUBLICATION:** Documentation of publication must be filed with the application form. Please submit proof of publication with the application by attaching either the full page of the newspaper in which the notice appeared, with the ***mast and dateline intact***, or a publication affidavit from the newspaper.

**SIMULTANEOUS REVIEW:** Those persons desiring a simultaneous review for a Certificate of Need for which a Letter of Intent has been filed should file a Letter of Intent with the Agency and the original applicant (as well as any other applicant filing a simultaneous review), and should publish the Letter of Intent simultaneously in a newspaper of general circulation in the same county as the original applicant. The publication of the Letter of Intent by the applicant seeking simultaneous review must be published within ten (10) days after publication by the original applicant.

1. Only those applications filed in accordance with the rules of the Health Services and Development Agency, and upon consideration of the following factors as compared with the proposed project of the original applicant, may be regarded as applications filing for simultaneous review.
  - (A) Similarity of primary service area;
  - (B) Similarity of location;
  - (C) Similarity of facilities; and
  - (D) Similarity of service to be provided.

2. The Executive Director or his/her designee will determine whether applications are to be reviewed simultaneously, pursuant to Agency Rule 0720-3-.03(3).
3. If two (2) or more applications are requesting simultaneous review in accordance with the statute and rules and regulations of the Agency, and one or more of those applications is not deemed complete to enter the review cycle requested, the other application(s) that is/are deemed complete shall enter the review cycle. The application(s) that is/are not deemed complete to enter the review cycle will not be considered as competing with the applications(s) deemed complete and entering the review cycle.

**FILING THE APPLICATION:** *All applications*, including applications requesting simultaneous review, must be filed in ***triplicate*** (original and two (2) copies) with the Agency within five (5) days after publication of the Letter of Intent. ***The date of filing is the actual date of receipt at the Agency office. Applications should have all pages numbered.***

**All attachments should be attached to the back of the application, be identified by the applicable item number of the application, and placed in alpha-numeric order consistent with the application form. For example, an Option to Lease a building should be identified as Attachment A.6., and placed before Financial Statements which should be identified as Attachment C. Economic Feasibility.10. The last page of an application should be the completed affidavit.**

Failure by the applicant to file an application within five (5) days after publication of the Letter of Intent shall render the Letter of Intent, and hence the application, ***void***.

**FILING FEE:** The amount of the initial filing fee shall be an amount equal to \$2.25 per \$1,000 of the estimated project cost involved, but in no case shall the fee be less than \$3,000 or more than \$45,000. Checks should be made payable to the Health Services and Development Agency.

**FILING FEES ARE NON -REFUNDABLE** and must be received by the Agency before review of the application will begin.

**REVIEW OF APPLICATIONS FOR COMPLETENESS:** When the application is received at the Agency office, it will be reviewed for completeness. The application must be consistent with the information given in the Letter of Intent in terms of both project scope and project cost. ***Review for completeness will not begin prior to the receipt of the filing fee.***

1. If the application is deemed complete, the Agency will acknowledge receipt and notify the applicant as to when the review cycle will begin. "Deeming complete" means that all questions in the application have been answered and all appropriate documentation has been submitted in such a manner that the Health Services and Development Agency can understand the intent and supporting factors of the application. Deeming complete shall not be construed as validating the sufficiency of the information provided for the purposes of addressing the criteria under the applicable statutes, the Rules of the Health Services and Development Agency, or the standards set forth in the State Health Plan/Guidelines for Growth.
2. If the application is incomplete, requests by Agency staff for supplemental information must be completed by the applicant within sixty (60) days of the written request. Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days which is allowed by the statute. If the requested information is submitted within sixty (60) days of the request, but not by the date specified in the staff's letter, the application is not void, but will enter the ***next*** review cycle. If an application is not deemed complete within sixty (60) days after the



written notification is given by the Agency staff that the application is deemed incomplete, the application shall be deemed void. If the applicant decides to re-submit the application, the applicant shall comply with all procedures as set out by this part and a new filing fee shall accompany the refiled application.

Each supplemental question and its corresponding response shall be typed and submitted on a separate sheet of 8 1/2" x 11" paper, be filed in **triplicate**, and include a signed affidavit. All requested supplemental information must be received by the Agency to allow staff sufficient time for review before the beginning of the review cycle in order to enter that review cycle.

3. Applications for a Certificate of Need, including competing applications, will not be considered unless filed with the Agency within such time as to assure such application is deemed complete.

***All supplemental information shall be submitted simultaneously and only at the request of staff, with the only exception being letters of support and/or opposition.***

The Agency will promptly forward a copy of each complete application to the Department of Health or the Department of Mental Health and Developmental Disabilities for review. The Department reviewing the application may contact the applicant to request additional information regarding the application. The applicant should respond to any reasonable request for additional information promptly.

**AMENDMENTS OR CHANGES IN AN APPLICATION:** An application for a Certificate of Need which has been deemed complete **CANNOT** be amended in a substantive way by the applicant during the review cycle. Clerical errors resulting in no substantive change may be corrected.

**WITHDRAWAL OF APPLICATIONS:** The applicant may withdraw an application at any time by providing written notification to the Agency.

**TIMETABLE FOR CERTIFICATE OF NEED EXPIRATION:** The Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; *however*, the Agency may extend a Certificate of Need for a reasonable period upon application and good cause shown, accompanied by a non-refundable filing fee, as prescribed by Rules. An extension cannot be issued to any applicant unless substantial progress has been demonstrated. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

**For further information concerning the Certificate of Need process, please call the offices of the Health Services and Development Agency at 615/741-2364.**

**For information concerning the Joint Annual Reports of Hospitals, Nursing Homes, Home Care Organizations, or Ambulatory Surgical Treatment Centers, call the Tennessee Department of Health, Office of Health Statistics and Research at 615/741-1954**

**For information concerning Guidelines for Growth call the Health Services and Development Agency at 615/741-2364. For information concerning Picture of the Present call the Department of Health, Office of Health Statistics at 615/741-9395.**

**For information concerning mental health and developmental disabilities applications call the Tennessee Department of Mental Health and Developmental Disabilities, Office of Policy and Planning at 615/532-6500.**

## **SECTION A:**

### **APPLICANT PROFILE**

Please enter all Section A responses on this form. All questions must be answered. If an item does not apply, please indicate "N/A". ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment.***

***For Section A, Item 1, Facility Name must be applicant facility's name and address must be the site of the proposed project.***

***For Section A, Item 3, Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State. (See Attachment 1 and 2)***

***For Section A, Item 4, Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.***

***For Section A, Item 5, For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.***

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity. (See Attachment 3)

***For Section A, Item 6, For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application. (See Attachment 4)***

1. **Name of Facility, Agency, or Institution**

Michael Dunn Center

Name

313 Michael Dunn Drive

Street or Route

Rockwood

City

TN

State

Roane

County

37748

Zip Code

2. **Contact Person Available for Responses to Questions**

Mike McElhinney

Name

Michael Dunn Center

Company Name

629 Gallaher Road

Street or Route

President/CEO

Association with Owner

President/ CEO

Title

[mike.mcelhinney@michaeldunncenter.org](mailto:mike.mcelhinney@michaeldunncenter.org)

Email address

TN

State

37763

Zip Code

Kingston

City

865-376-3416 ext.215

Phone Number

865-376-3532

Fax Number

3. **Owner of the Facility, Agency or Institution**

Hope Haven Corporation

(See attachments 1 and 2)

Name

629 Gallaher Road

Street or Route

Kingston

City

TN

State

865-376-3416

Phone Number

Roane

County

37763

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

X

F.

Government (State of TN or Political Subdivision)

G.

Joint Venture

H.

Limited Liability Company

I.

Other (Specify)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)**

Michael Dunn Center (See Attachment 3)  
Name  
629 Gallaher Road Roane  
Street or Route County  
Kingston TN 37763  
City State Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)** (See Attachment 4)

A. Ownership \_\_\_\_\_ D. Option to Lease \_\_\_\_\_  
B. Option to Purchase \_\_\_\_\_ E. Other (Specify) \_\_\_\_\_  
C. Lease of 30 Years X

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify) \_\_\_\_\_ I. Nursing Home \_\_\_\_\_  
B. Ambulatory Surgical Treatment \_\_\_\_\_ J. Outpatient Diagnostic Center \_\_\_\_\_  
Center (ASTC), Multi-Specialty \_\_\_\_\_ K. Recuperation Center \_\_\_\_\_  
C. ASTC, Single Specialty \_\_\_\_\_ L. Rehabilitation Facility \_\_\_\_\_  
D. Home Health Agency \_\_\_\_\_ M. Residential Hospice \_\_\_\_\_  
E. Hospice \_\_\_\_\_ N. Non-Residential Methadone \_\_\_\_\_  
F. Mental Health Hospital \_\_\_\_\_ Facility \_\_\_\_\_  
G. Mental Health Residential \_\_\_\_\_ O. Birthing Center \_\_\_\_\_  
Treatment Facility \_\_\_\_\_ P. Other Outpatient Facility \_\_\_\_\_  
H. Mental Retardation Institutional \_\_\_\_\_ (Specify) \_\_\_\_\_  
Habilitation Facility (ICF/MR) X Q. Other (Specify) \_\_\_\_\_

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

A. New Institution \_\_\_\_\_ G. Change in Bed Complement \_\_\_\_\_  
B. Replacement/Existing Facility \_\_\_\_\_ [Please note the type of change  
C. Modification/Existing Facility X by underlining the appropriate  
D. Initiation of Health Care \_\_\_\_\_ response: Increase, Decrease,  
Service as defined in TCA § Designation, Distribution,  
68-11-1607(4) Conversion, Relocation]  
(Specify) \_\_\_\_\_ H. Change of Location X  
Other (Specify) Convert a DIDD  
Res. Hab. Home into an ICF/ IID  
E. Discontinuance of OB Services \_\_\_\_\_ I. location with 4 beds.  
F. Acquisition of Equipment \_\_\_\_\_

**9. Bed Complement Data**

***Please indicate current and proposed distribution and certification of facility beds.***

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	<u>8</u>	<u>0</u>	_____	<u>4</u>	<u>12</u>
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	_____	_____	_____	_____	_____

\*CON-Beds approved but not yet in service

**10. Medicare Provider Number** MDC PTAN # 103g705293  
**Certification Type** Multispeciality Clinic or Group Practice

**11. Medicaid Provider Number** H445387  
**Certification Type** ICF/IDD

**12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes**

**13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.  
 (See Attachment 5)**

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- i. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response: **Ownership structure-** The Hope Haven Corporation owns the facility at 313 Michael Dunn Drive in Rockwood. The Hope Haven Corporation is managed by Michael Dunn Center located at 629 Gallaher Road, Kingston, TN in Roane County. The Michael Dunn Center will manage the ICF Facility, once in place, at the 313 Michael Dunn Center Drive, as well.

**Service area-** This project involves the renovation of a Residential Habilitation Home in which services fall under Department of Intellectual and Developmental Disabilities into a four bed ICF home. The home is located at 313 Michael Dunn Drive, Rockwood, TN 37854 in Roane County.

**Need-** Families of individuals residing at Green Valley Developmental Center, who live in or near Roane County, TN, are requesting ICF services for their family members. The renovated home will provide four beds with on suites for privacy and equipment storage for four individuals exiting the Green Valley Developmental Center prior to the expected closure date of June 30<sup>th</sup>, 2016.

**Existing Resources-** This project involves the conversion of a Residential Habilitation Home in which services fall under Department of Intellectual and Developmental Disabilities into a four bed ICF home. The home is located at 313 Michael Dunn Drive, Rockwood, TN 37854 in Roane County. The existing management staff will manage the new home. The local hospital and physicians will provide medical services. Michael Dunn Center has a therapy department to provide necessary services. Michael Dunn Foundation has financial resources to open this home as shown in Michael Dunn Foundation, INC. Financial Statements with Supplemental Financial Information. (Attachment 15 of original CON) See Attachment 4.

**Project Cost-** The project will need an appraisal for fair market value of the rent. Movable equipment acquisition consists of two sedans and two handicap accessible vans. See Project Data Chart

**Funding Financial Feasibility-** Funding for ICF/DD facilities is based on expenses from the previous year. The program is funded through TennCare. TennCare receives the individual's social security funds and then in turn remits payment to Michael Dunn Center. See Section C; item 5 on this form for more details.

**Staffing-** The homes are staffed with a Director, Assistant Director and Supervisor who are all licensed Registered Nurses in the state of Tennessee. The proposed ICF home will be managed and nursing care will be provided by the same three individuals in conjunction with LPN's, Direct Support Professionals, and a Qualified Intellectual and Developmental Disability Professional. Michael Dunn Center employs therapy personnel needed to support individuals in Physical, Occupational, Speech and nutrition therapy. Local resources, such as Patricia Neal Rehabilitation Center are also available to support individual choice.

Staffing of the home will come from nurses in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual and behavioral needs. Tennessee College of Applied Technology hosts two separate programs per year for LPN's. The LPN's from the Harriman location do clinical observation at Michael Dunn Center, often resulting in a desire to be employed at Michael Dunn Center upon graduation.

ii. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

*Response:*

*We are planning to modify Hope Haven I (a.k.a LaCroix Home) in Rockwood, Tennessee. It is a 4,350 square foot, one story, ranch style home located on a two acre fenced lot. There are ten bedrooms, five bathrooms, a large office, living room, dining room, kitchen, laundry room, outside storage closet and a two car carport.*

*This home will be modified to create four suites for four new residents from Greene Valley Developmental Center. Each suite will consist of a bedroom that will be approximately 180 square feet, a 180 square foot TV lounge or sitting room, and a large bathroom with a handicapped accessible shower. The goal behind this design is to provide each person the choice to relax and enjoy TV or other activities in their own private room or move to the larger common living room to socialize with others. There are currently three people living in this home. They will be transitioning to a newly acquired and renovated Supported Living home nearby. Their staff (caregivers) will be transitioning with them.*

*As stated above, four people from Greene Valley will move into this home. This will be a net increase of one person being served in this given home, but a net four new people with disabilities being served by Michael Dunn Center in Roane County.*

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

*Response:* This conversion of this home to an ICF home will add four additional ICF beds in Roane County. This project in conjunction with the conversion of a second home will add a total of eight ICF beds in Roane County. At completion there will be a total of 16 ICF beds in Roane County. All eight new beds will be created to support individuals moving out of GVDC.

This project will increase resources for the current individuals both at the current ICF homes and the individuals supported by MDC as a whole. The increased staffing needs will provide individuals with additional professional resources and expertise. Additional nurses, therapists, managers and direct support personnel will be added.





**C. As the applicant, describe your need to provide the following health care services (if applicable to this application):**

**1. Adult Psychiatric Services-** *The individuals moving to Michael Dunn Center from GVDC will have an initial assessment and document review to determine the need of Psychiatric Services. Michael Dunn Center works primarily with two local mental health providers and employs a mental health case manager. In the event an individual does not need psychiatric services upon admission but it is determined later that they could benefit from such services, those services will be sought and obtained in an appropriate amount of time Behaviors are documented electronically each shift and reports are analyzed by the mental health case manager.*

**2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)- NA**

**3. Birthing Center-NA**

**4. Burn Units-NA**

**5. Cardiac Catheterization Services-NA**

**6. Child and Adolescent Psychiatric Services-**

**7. Extracorporeal Lithotripsy-NA**

**8. Home Health Services-NA**

**9. Hospice Services-**

**10. Residential Hospice- NA**

**11. ICF/MR Services-** *Michael Dunn Center specializes in the support of individuals with intellectual and developmental disabilities by providing many service areas including eight existing and occupied ICF/ IDD beds. The families and conservators for individuals moving out of GVDC are requesting their family members move only to ICF beds in the community setting. As of July 18<sup>th</sup>, 2015 GVDC was home to 91 individuals needing community placement. The addition of this home will provide community living to four of those individuals whose families have chosen this region for services.*

*Michael Dunn Centers' ICF beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. These individuals do not have adequate or willing family or conservator supports to reside with their families or they have chosen this more independent lifestyle. The average admission length for the existing eight ICF beds at MDC is 13.75 years, with six of the individuals residing there for 18 years and two of the individuals residing there approximately one year each.*

**12. Long-term Care Services**

**13. Magnetic Resonance Imaging (MRI)- NA**

**14. Mental Health Residential Treatment-NA**

**15. Neonatal Intensive Care Unit- NA**

**16. Non-Residential Methadone Treatment Centers- NA**

**17. Open Heart Surgery- NA**

**18. Positron Emission Tomography- NA**

**19. Radiation Therapy/Linear Accelerator- NA**

**20. Rehabilitation Services**

**21. Swing Beds**

- D. Describe the need to change location or replace an existing facility.  
Response: The existing home is currently run as a Residential Habilitation Facility with ten bedrooms. There are three individuals in that home who now required supported living services in a smaller residential home setting. The individuals plan to move to their new home in August 2015. That will leave the large Residential Habilitation home empty. Renovations will be done to meet ICF regulations and make each bedroom into a suite to give each individual both a private sitting area and to provide adequate residential style storage for medical equipment. This home is located in the center of the county with easy access to medical care and community activities and resources needed for those who are medically complex.
- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:
1. For fixed-site major medical equipment (not replacing existing equipment):
    - a. Describe the new equipment, including:
      1. Total cost ;(As defined by Agency Rule).
      2. Expected useful life;
      3. List of clinical applications to be provided; and
      4. Documentation of FDA approval.
    - b. Provide current and proposed schedules of operations.
  2. For mobile major medical equipment:
    - a. List all sites that will be served;
    - b. Provide current and/or proposed schedule of operations;
    - c. Provide the lease or contract cost.
    - d. Provide the fair market value of the equipment; and
    - e. List the owner for the equipment.
  3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In

the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

*Response: NA- None of section E is applicable. No major medical equipment will be purchased.*

iii. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:** (See Attachment 6 )

1. Size of site (*in acres*); 2.76 Acres
2. Location of structure on the site; and (*See Supplemental section*)
3. Location of the proposed construction. NA
4. Names of streets, roads or highway that cross or border the site. NA- None of section E is applicable. No major medical equipment will be purchased.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

*Response: ETHRA is the only public transportation available in Rockwood. MDC will provide all needed and wanted transportation.*

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper. (See Attachment 7) (See Supplemental for a more readable version)

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

V. For a Home Health Agency or Hospice, identify: *Not Applicable*

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

## **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

## QUESTIONS

### **NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
  - b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

*Response: This project involves the conversion of an existing, licensed Residential Habilitation home that will create 4 new ICF/IID beds. This home will be accessible to those who are identified to need ICF / IID services. Individuals moving into this home will be long-term residents and can be considered residents of Roane County.*

### **ICF/MR Specific Questions**

1. The population based estimate of the total need for ICF/IID facilities is .32 % of the general population. This estimate is based on the estimate for all ID of 1%. Of the 1% estimate 3.2 of those are estimated to meet level 1 criteria and be appropriate for ICF/IID services. (This information is from the Tennessee's Health: Guidelines for Growth)

*Response: The population of Roane County, TN in 2013 was reported as 53,047. There are currently 8 ICF/ MR beds in the county. Using the need based estimate of 0.32 %, the need in Roane County is 16.9 beds.*

2. The estimate for total need should be adjusted by the existent ICF-MR beds operating in the area as counted by the Department of Health, the Department of Mental Health and Developmental Disabilities, and the Division of Mental Retardation Services in the Joint Annual Reports.

*Response: The total estimated need minus the existing 8 beds leaves a need of 8.9 beds in Roane County.*

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

*Response: This project is consistent with our agency Strategic Plan to expand services to support more people with disabilities in the Roane County area. Opening a new ICF / IID home will allow us to support 4 people with the need for ICF / IID services. Michael Dunn Center plans to convert a second ICF/IID home within six months of this home to support four*

additional individuals

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**Response:** The proposed service area is in Roane County, TN. Michael Dunn Center's main office is located in Kinston, TN, which is the county seat. Michael Dunn Center currently operates two ICF / IID homes in Roane County, therefore it is our desire to locate the new ICF / IID homes in the same area to ensure continuity of care, efficient management of the home, proximity of support staff, and better access to agency resources, etc.

4. A. Describe the demographics of the population to be served by this proposal.

**Response:** The age range for the men and women with developmental disabilities who need ICF / IID services range from 18 – 70 years old. These services are accessible to all who need and qualify for services, including women, minorities and low-income groups.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**Response:** There are individuals currently living at Greene Valley Developmental Center who need ICF / IID services in the community. These individuals are in the age range of 18 - 70 years old, have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration and daily medical assessments. Michael Dunn Center provides services to all individuals, including women, ethnic minorities and low-income groups.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**Response:** Michael Dunn Center currently operates two ICF / IID homes in the Roane County area. In addition to the two ICF / IID homes, MDC is licensed through the State of Tennessee's Department of Intellectual and Developmental Disabilities to provide Residential Habilitation, Supported Living, Medical Residential, Community Based, Day, Facility Based Day, Employment, Physical Therapy, Occupational Therapy, Speech Therapy and Nutrition services.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**Response:**

*Caillouette Home- occupancy 4- This home has operated at full capacity for most of the time it has been open since 1996. We have had two vacancies over the last year, both of which were filled within a month of the vacancy.*

*Herron Home- occupancy -4 This home has operated at full capacity since opening in 1996.*

*The new ICF / IID home is projected to be available for 4 people for the foreseeable future. If someone in the home moves to another location or passes away, we will contact DIDD for referrals for other individuals who are in need of ICF / IID services.*

**ICF/ MR Facilities Specific**

**A. Service Area**

- 1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.**

*Roane County, Tennessee is 395 square miles. With a 2013 population of 53, 047, the population density is 134.3 people per square mile. The mean population density in the United States is 357 people per square mile. Roane County has a major interstate passing through it, making Knoxville easily accessible. The geographic area offers a Covenant Health Hospital, Roane Medical Center, within 5 miles. Specialty physicians are available in nearby cities such as Knoxville and Oak Ridge, TN.*

- 2. The relationship of the socio-demographics of the service area and the project population to receive services should be considered. The proposal's sensitivity and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.**

*Please see the attached two pages from <http://quickfacts.census.gov/qfd/states/47/47145.html> with all demographic information for Roane County. This project involves the conversion of an existing, licensed Residential Habilitation home that will create 4 new ICF/IID beds in Roane County. There are individuals currently living at Greene Valley Developmental Center who need ICF / IID services in the community. These individuals have developmental disabilities and complex medical needs, which include tracheotomy care, tube feeding, oxygen administration, insulin injections, medication administration and daily medical assessments. The age range for the men and women with developmental disabilities*



who need ICF / IID services range from 18 – 70 years old. These services are accessible to all who need and qualify for services, including women, ethnic minorities, low-income groups and those needing services voluntarily.

## **B. Relationship to Existing Applicable Plans**

- 1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.**

*Michael Dunn Center's proposal for this ICF home includes operating within the policies of DIDD including Appendix J, Life Safety Codes, Licensure and local safety inspections.*

- 2. The proposal's relationship to underserved geographic areas and underserved populations groups as identified in state, city, county, and/or regional plans and other documents should be a significant consideration.**

*DIDD has a statewide waiting list of more than seven thousand people awaiting placement. These additional beds will remain in place in the event someone being admitted from GVDC is discharged. This will provide an opportunity to serve additional people from the waiting list.*

- 3. The impact of the proposal on similar services supported by state and federal appropriations should be assessed and considered.**

*There are currently eight ICF beds in Roane County operated by MDC. All of these beds are occupied. Newly vacant beds have been filled within 60 days. The four additional beds will not impact these ICF homes. The next closest homes are in Knoxville and Chattanooga, TN, greater than 40 miles away. The new home in the proposal will not impact the existing ICF beds.*

- 4. The degree of projected financial participation in the Medicare and TennCare programs should be considered.**

*Michael Dunn Center will provide the cash flow for the project in the proposal until they are reimbursed by TennCare.*

- 5. Relationship to Existing Similar Services in the Area**

- 1. The area's trends in occupancy and utilization of similar services should be considered.**

*There are currently eight ICF beds in Roane County operated by MDC. All of these beds are occupied. Newly vacant beds have been secured within 30 days and filled within 60 days. There have only been two open ICF beds in Roane County in 18 years.*

- 2. Accessibility to specific special need groups should be an important factor.**

*Roane County Family Practice physicians see a majority of the individuals with developmental disabilities at MDC. One of these physicians is on the board of directors at MDC. The hospital administrator from Roane Medical Center, the local hospital, is also on the board of directors at MDC. MDC employs a therapy*

*department consisting of a PT, PTA, OT, SLP, and two dieticians. MDC also employs nursing staff and contracts with behavioral analysts as needed.*

## **ECONOMIC FEASIBILITY**

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
  - ☐ All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

## PROJECT COSTS CHART

**A. Construction and equipment acquired by purchase:**

1. Architectural and Engineering Fees \_\_\_\_\_
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees \$1000
3. Acquisition of Site \_\_\_\_\_
4. Preparation of Site \_\_\_\_\_
5. Construction Costs \_\_\_\_\_
6. Contingency Fund \_\_\_\_\_
7. Fixed Equipment (Not included in Construction Contract) \_\_\_\_\_
8. Moveable Equipment (List all equipment over \$50,000) \$168,104 (See attachment 8)
9. Other (Specify) \_\_\_\_\_

**B. Acquisition by gift, donation, or lease:**

1. Facility (inclusive of building and land) \$42,000
2. Building only \_\_\_\_\_
3. Land only \_\_\_\_\_
4. Equipment (Specify) \_\_\_\_\_
5. Other (Specify) \_\_\_\_\_

**C. Financing Costs and Fees:**

1. Interim Financing \_\_\_\_\_
2. Underwriting Costs \_\_\_\_\_
3. Reserve for One Year's Debt Service \_\_\_\_\_
4. Other (Specify) \_\_\_\_\_

**D. Estimated Project Cost  
(A+B+C)**

**\$211,104**

**E. CON Filing Fee**

\$3000

**F. Total Estimated Project Cost  
(D+E)**

**TOTAL** **\$214,104**

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer. See Attached Audits
- ☐ F. Other--Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

*Response: This house is owned by another 501(C)3 corporation that will lease the home to Michael Dunn Center at a fair market value. This home will not need renovation.*

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response:	Gross Charges	\$1,155,000
	Deductions from Revenue	-0-
	Net Charges	\$1,155,000

**HISTORICAL DATA CHART**  
(See Supplemental Packet for corrected version)

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July (Month).

	Year <u>2012</u>	Year <u>2013</u>	Year <u>2014</u>
	Thousand	Thousand	Thousand
<b>A. Utilization Data (Specify unit of measure)</b>			
Revenue from Services to Patients			
1. Inpatient Services	\$ <u>7,595</u>	\$ <u>7,931</u>	\$ <u>8,635</u>
2. Outpatient Services	<u>3117</u>	<u>3100</u>	<u>2,860</u>
3. Emergency Services			
4. Other Operating Revenue	<u>316</u>	<u>262</u>	<u>104</u>
(Specify) _____			
<b>Gross Operating Revenue</b>	<b>\$ <u>11,028</u></b>	<b>\$ <u>11,293</u></b>	<b>\$ <u>11,599</u></b>
<b>C. Deductions from Gross Operating Revenue</b>			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$ <u>0</u></b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>11,028</u></b>	<b>\$ <u>11,293</u></b>	<b>\$ <u>11,599</u></b>
<b>D. Operating Expenses</b>			
1. Salaries and Wages	\$ <u>8296</u>	\$ <u>8680</u>	\$ <u>9,514</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>	<u>0</u>
3. Supplies	<u>583</u>	<u>478</u>	<u>497</u>
4. Taxes	<u>0</u>	<u>0</u>	<u>0</u>
5. Depreciation	<u>97</u>	<u>91</u>	<u>75</u>
6. Rent	<u>0</u>	<u>0</u>	<u>0</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>	<u>0</u>
8. Management Fees:			
a. Fees to Affiliates	<u>0</u>	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>0</u>	<u>0</u>	<u>0</u>
9. Other Expenses (Specify) <u>Occupancy, Travel, Misc.</u>	<u>1844</u>	<u>1,933</u>	<u>1,854</u>
<b>Total Operating Expenses</b>	<b>\$ <u>10,820</u></b>	<b>\$ <u>11,182</u></b>	<b>\$ <u>11,940</u></b>
<b>E. Other Revenue (Expenses) – Net (Specify)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ <u>208</u></b>	<b>\$ <u>111</u></b>	<b>\$ <u>(341)</u></b>
<b>F. Capital Expenditures</b>			
1. Retirement of Principal	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
2. Interest	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Capital Expenditures</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ <u>208</u></b>	<b>\$ <u>111</u></b>	<b>\$ <u>(341)</u></b>

**PROJECTED DATA CHART (See Supplemental Packet)**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
	<u>Thousands</u>	<u>Thousands</u>
A. Utilization Data (Specify unit of measure)		
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>1066</u>	\$ <u>957</u>
2. Outpatient Services	<u>          </u>	<u>          </u>
3. Emergency Services	<u>          </u>	<u>          </u>
4. Other Operating Revenue (Specify) <u>                                </u>	<u>          </u>	<u>          </u>
<b>Gross Operating Revenue</b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>          </u>	\$ <u>          </u>
2. Provision for Charity Care	<u>          </u>	<u>          </u>
3. Provisions for Bad Debt	<u>          </u>	<u>          </u>
<b>Total Deductions</b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>
D. Operating Expenses		
1. Salaries and Wages	\$ <u>649</u>	\$ <u>662</u>
2. Physician's Salaries and Wages	<u>          </u>	<u>          </u>
3. Supplies	<u>139</u>	<u>33</u>
4. Taxes	<u>60</u>	<u>54</u>
5. Depreciation	<u>37</u>	<u>37</u>
6. Rent	<u>24</u>	<u>24</u>
7. Interest, other than Capital	<u>          </u>	<u>          </u>
8. Management Fees:		
a. Fees to Affiliates	<u>          </u>	<u>          </u>
b. Fees to Non-Affiliates	<u>          </u>	<u>          </u>
9. Other Expenses (Specify) <u>Occupancy, travel, admin.</u>	<u>158</u>	<u>149</u>
<b>Total Operating Expenses</b>	<b>\$ <u>1066</u></b>	<b>\$ <u>957</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	\$ <u>          </u>	\$ <u>          </u>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
F. Capital Expenditures		
1. Retirement of Principal	\$ <u>0</u>	\$ <u>0</u>
2. Interest	<u>0</u>	<u>0</u>
<b>Total Capital Expenditures</b>	<b>\$ <u>          </u></b>	<b>\$ <u>          </u></b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

*Response: This will be a new ICF facility with new charges that will not affect current charges. The anticipated revenue will be \$1,155,000 per year for the first year. This will not impact existing patient charges.*

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

*Response: The proposed charges will be similar to charges of other ICF home in the county. The first year charges will be higher due to certain startup cost for furniture and supplies.*

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

*Response: We expect project utilization to be close to 100% and sufficient to maintain cost-effectiveness*

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

*Response: Please see attached (Attachments 9,10,11) audits of Michael Dunn Center and Michael Dunn Foundation. The Boards of both corporations have committed all needed resources to fund this project.*

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

*Response: This project will serve individuals currently being served by TennCare/Medicaid at Greene Valley. The first year annual revenue will be \$1,155,000 coming 100% from TennCare/Medicaid.*

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

*Response: Please see attached audits and financial reports for June 2015. (Attachments 9,10,11)*

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:



- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

*Response: We discussed alternatives to an ICF facility but the alternatives did not provide the level of care as the individual had been receiving at Greene Valley and the level of nursing care that is needed to support these individuals.*

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

*Response: Michael Dunn Center has been working closely with the State of Tennessee Department of Intellectual and Developmental Disabilities (DIDD) in providing Intermediate Care Facilities (ICFs) for people that are moving out of the Greene Valley Developmental Center (GVDC). This facility is scheduled to be closed by June 30, 2016, in accordance with an agreement reached with the parties involved and approved by a federal judge.*

*We have a large, ten-person Residential Habilitation group home located in Rockwood, Tennessee, called Hope Haven I, also known as LaCroix. The number of people over the years living in this home has decreased gradually due to death by natural causes and transfers from ten people to three. The three people currently living there are being transitioned to a three person Supported Living home no later than August 31, 2015.*

*Our plan is to convert LaCroix into an ICF for four Greene Valley residents. LaCroix already has a fire sprinkler system, a basic requirement for an ICF. Additionally, LaCroix is also designed so that each of the four new residents will have a suite consisting of their own private bedroom, remodeled bathroom and sitting/TV room. There is also a newly remodeled common kitchen, dining room, living room and laundry room.*

*Constructing a home of this size (4,350 sq ft) at a very conservative cost of \$125/sq ft would equal \$543,750. The cost to install a sprinkler system for a home this size is approximately \$120,000. In addition the lot is 2 acres and entirely fenced, with an approximate value of \$54,300 (\$23,000/acre plus \$8,300 for the fencing), making the new construction and lot costs of the entire home approximately \$715,000. Thus it makes sense to convert this existing structure to an ICF as opposed to build a new home.*

## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

*Response: Michael Dunn Center has a working relationship with all of the following providers:*

### **Hospitals-**

Roane Medical Center  
Methodist Medical Center  
Park West Medical Center  
University of Tennessee Medical Center

### **Nursing Homes-**

The Bridge at Rockwood  
Renaissance Terrace  
Harriman Care and Rehab

### **Physicians-**

1. Dr. James Lynch- Neurologist and Medical Director at MDC
2. Roane County Family Practice- Dr. John Belitz, Dr. Robert Wilson, Dr. Rodney McMillan, Dr. Randy Denton
3. Dr. Robert Albiston- Psychology
4. Dr. Terry Bingham- Surgeon
5. Dr. Boduch- General Practice
6. Dr. Dudani- Psychiatry
7. Dr. Paul Tappen- Optometry
8. Dr. Mimi Tedder- General Practice
9. Dr. Wakham- General Practice
10. Dr. Gornisiewicz- Neurology
11. Dr. Chemeitelli- Pulmonary
12. Dr. Edenfield- Dental
13. Dr. Misha Garey- Dental

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

*Response: The renovation and conversion of this home will add an additional four beds for the provision of services for four individuals moving from GVDC. This home is already established in the community as an MDC home. The home provides a residential service that is close to the personal residence of many of the families and conservators. The homes are close to emergency medical services providing a safe medical setting for the individuals planning to move into them.*

*The homes will increase the need for nursing and management employees, thus bringing more experience and knowledge into a field with limited resources. This also allows for more job opportunities in a rural area.*

*Finding the right PCP, who is accepting new patients, will be a challenge, but is one that can be overcome and the needs of the individuals met.*

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

*Response: The anticipated staffing pattern will be 5.5 FTE hours for LPN staff, 9.8 FTE hours for Direct Support Professionals, 1.5 FTE hours for managerial employees. The starting salary for a day shift LPN at Michael Dunn Center is \$14.50/ hour. Wage adjustments are made for experience to a maximum base salary of \$17.00/hour for a staff nurse. Shift Differentials are given for evening shift (\$1.00/hr), night shift and weekend shift (\$2.00/hour). Direct Support Professionals will earn a minimum starting salary of \$7.45/ hour on day shift up to \$9.00 depending on shift and experience. These wages fall within the average range noted on the attached report from the Tennessee Department of Labor & Workforce Development website.*

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

*Response: Michael Dunn Center actively recruits LPN and Direct support professionals via internet networking, local newspapers advertisements and face to face contact with graduating LPN and CNA classes. Open positions are reviewed weekly and open shifts are filled with part time employees or full time employees working overtime. The home will have a staffing plan describing the basic evacuation capabilities of the individuals as well as the minimum and usual number of employees to be present in the home at any one time.*

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

*Response: Michael Dunn Center follows the Professional Support Services License (PSSL) requirements and has the regulations built in to the MDC policies, procedure and employee handbook. Employees are educated upon hire, as needed and annually via Relias online training and by qualified instructors.*

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

*Response: MDC has a contract to act as a training site for the practical nursing at Tennessee College of Applied Technology in Harriman, TN. Students visit assigned medical residential and ICF homes and work with an MDC LPN employee. The MDC Director of Health Services is on the Nursing Program Advisory Board at Tennessee College of Applied Technology.*

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

*Response: Michael Dunn Center has been in contact with the Department of Health and Safety for guidance on all safety regulation requirements. The home will be licensed*

under the Department of Intellectual and Developmental Disabilities. The ICF regulations, commonly referred to as Appendix J, is a working tool at MDC with its policies and regulations built into MDC's policies, procedures and employee handbook.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: *Department of Intellectual and Developmental Disabilities (will be obtained for this specific location) and Professional Service Support License (current for the entire MDC agency)*

Accreditation: NA

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.  
*Response: MDC currently holds a PSSSL, two ICF licenses for existing homes and a license for Mental Retardation Residential Habilitation. MDC will apply to change the license for this address to Mental Retardation Institutional Habilitation. (See Attachment 12)*

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction. *(See Attachment 13)*

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held. *NA*
9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project. *NA*
10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.  
*Response: If approved, Michael Dunn Center will supply THSDA and any other approved agency with the requested information.*

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.

## PROJECT COMPLETION FORECAST CHART

01-20-16 12:22

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c):

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	_____	_____
2. <u>Construction documents approved by the Tennessee Department of Health</u>	_____	_____
3. <u>Construction contract signed</u>	_____	_____
4. <u>Building permit secured</u>	_____	_____
5. <u>Site preparation completed</u>	_____	_____
6. <u>Building construction commenced</u>	_____	_____
7. <u>Construction 40% complete</u>	_____	_____
8. <u>Construction 80% complete</u>	_____	_____
9. <u>Construction 100% complete (approved for occupancy)</u>	_____	_____
10. <u>*Issuance of license</u>	_____	01-01-16
11. <u>*Initiation of service</u>	_____	01-01-16
12. <u>Final Architectural Certification of Payment</u>	_____	_____
13. <u>Final Project Report Form (HF0055)</u>	_____	_____

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

**AFFIDAVIT**

SEP 23 '15 PM 12:22

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

\_\_\_\_\_, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

\_\_\_\_\_  
SIGNATURE/TITLE

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ a Notary  
(Month) (Year)

Public in and for the County/State of \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires \_\_\_\_\_, \_\_\_\_\_.  
(Month/Day) (Year)



**State of Tennessee  
Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

SEP 29 15 12:22

**PUBLICATION OF INTENT**

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Michael Dunn Center Residential Habilitation  
(Name of Applicant) (Facility Type-Existing)

owned by: Hope Haven Corporation with an ownership type of Non Profit

and to be managed by: Mike McElhinney, President/ CEO intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: The conversion of a residential habilitation home located at 313 Michael Dunn Drive, Rockwood, TN 37748 into a four person ICF/ IDD home to facilitate the relocation of four individuals exiting Green Valley Developmental Center (GVDC), located at 4850 East Andrew Johnson Highway, Greeneville, TN 37744-0910. The estimated project cost, calculated according to the rules of the HSDA, are approximately \$214,104. The project includes the relocation of individuals in the Residential Habilitation home to local Supported Living Homes, the renovation of the Residential Habilitation home to meet ICF/ IDD regulations, as well as bedroom modifications to best support the new residents. Services provided will include 24 hour care support, including nursing services. Appropriate therapies, community integration opportunities and active treatment plan implementation to increase independence will also be provided.

The anticipated date of filing the application is: September 7th, 20 15

The contact person for this project is Mike McElhinney President/ CEO  
(Contact Name) (Title)

who may be reached at: Michael Dunn Center 629 Gallaher Road  
(Company Name) (Address)

Kingston TN 37763 865/ 376-3416  
(City) (State) (Zip Code) (Area Code / Phone Number)

**Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:**

**Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF50 (Revised 01/09/2013 – all forms prior to this date are obsolete)



ROANE NEWSPAPERS

Roane County News    Morgan County News  
R.C. News-Record    Web Printing Plant

P.O. Box 610, 204 Franklin Street  
Kingston, TN 37763  
(865) 376-3481 FAX (865) 376-1945

TO: Michael Dunn

ADVERTISING: Legal Advertisement

**PUBLISHER'S AFFIDAVIT**

**State of Tennessee, Roane County**

I, Kevin Kile, make oath that the attached advertisement or notice was published in:

  X   The Roane County News, tri-weekly newspaper published at Kingston

       The Morgan County News, a weekly newspaper published at Wartburg,

Also www.tnpublicnotice.com for all runs as required by Tenn. Code Ann. 1-3-120(2013) There will be only one tear sheet attached to cover all runs.

In said county and state, and that the advertisement or notice of:  
Notice of Intent

was published in said newspaper on the following date:, 09/09/2015

Signed



Subscribed and sworn to before me this 9<sup>th</sup> day of September, 2015

  
Notary Public

My commission expires March 13, 2018



## Certificate of Need Attachments for Michael Dunn Center- Lacroix Home

1. Corporate Charter (4pages)
2. Corporate existence (1 page)
3. Property Management Agreement (9 pages)
4. Lease Agreement (5 pages)
5. MCO List (1 page)
6. Plot with home (1 page)
7. House plan (1 page)
8. Project Cost Chart- Movable Equipment (1 page)
9. Economic Feasibility- Balance Sheet and Income Statement (2 pages)
10. Michael Dunn Center Financial Statement (25 pages)
11. Michael Dunn Foundation Financial Statement (19 pages)
12. Licenses (4 pages)
13. ICF plans of correction for current ICF homes (Caillouette and Herron) (29pages)



STATE OF TENNESSEE  
Tre Hargett, Secretary of State  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

MICHAEL DUNN CENTER  
GLEN BLEVINS  
629 GALLAHER RD  
KINGSTON, TN 37763-4215

December 8, 2014

### Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control # : 51519 Status: Active

Filing Type: Corporation Non-Profit - Domestic

#### Document Receipt

Receipt # : 1727625

Filing Fee: \$20.00

Payment-Check/MO - CFS-1, NASHVILLE, TN

\$20.00

Amendment Type: Amended and Restated Formation Documents

Image # : B0023-8529

Filed Date: 12/08/2014 12:11 PM

This will acknowledge the filing of the attached amended and restated formation document with an effective date as indicated above. When corresponding with this office or submitting documents for filing, please refer to the control number given above.

Processed By: Kelli Wiggins

*Tre Hargett*  
Tre Hargett  
Secretary of State

BK/PG:1520/36-39

14007046

4 PGU : CHAPTER	
DENISE EASTER 110354 - 14007046	
12/09/2014 - 02:10 PM	
VALUE	
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	5.00
DE FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	7.00

STATE OF TENNESSEE, ROANE COUNTY  
SHARON BRACKETT  
REGISTER OF DEEDS

Phone (615) 741-2288 \* Fax (615) 741-7310 \* Website: <http://tnbear.tn.gov/>

AMENDED AND RESTATED CHARTER  
OF  
MICHAEL DUNN CENTER

FILED

The undersigned, being the Chair of the Board of Directors, hereby adopts the following Amended and Restated Charter pursuant to § 48-60-106 of the Tennessee Nonprofit Corporation Act:


1. **Name.** The name of the corporation is **MICHAEL DUNN CENTER** (the "Corporation").
2. **Public Benefit.** The Corporation is a public benefit corporation.
3. **Non-Religious Corporation.** The Corporation is not a religious corporation.
4. **Registered Office and Registered Agent.** The registered office of the Corporation is 629 Gallaher Road, Kingston, Tennessee 37763, and its registered agent at such office is Mike McElhinney.
5. **Principal Office.** The street address and zip code of the principal office of the Corporation is 629 Gallaher Road, Kingston, Roane County, Tennessee 37763.
6. **Non-Profit.** The Corporation is not-for-profit; and it shall at all times comply with Tenn. Code Ann. § 48-51-101, as it now exists, and may hereafter be amended.
7. **Members.** The Corporation will have no members.
8. **Immunity from Suit.** To the extent allowed by the laws of the State of Tennessee, no present or future director of the Corporation (or his or her estate, heirs and personal representatives) shall be liable to the Corporation for monetary damages for breach of fiduciary duty as a director of the Corporation. Any liability of a director (or his or her estate, heirs and personal representatives) shall be further eliminated or limited to the fullest extent allowed by the laws of the State of Tennessee, as may hereafter be adopted or amended.
9. **Indemnification.** With respect to claims or liabilities arising out of service as a director or officer of the Corporation, the Corporation shall indemnify and advance expenses to each present and future director and officer (and his or her estate, heirs and personal representative) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.
10. **Purpose.** The purposes for which the Corporation is organized are: To operate exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, including testing for public safety, and generally to engage in any other lawful endeavor or activity in furtherance of said charitable and educational purposes. Specifically, the primary purpose of the Corporation will be to empower individuals living with disabilities and challenges to attain independence.

B0023-8529 12/08/2014 12:11 PM Received by Tennessee Secretary of State Tre Hargett

11. **No Private Inurement/Activities.** No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to any of its directors, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for goods and services rendered and to make payments and distributions in furtherance of the purposes set forth in Paragraph 10 above. Notwithstanding any other provision of this Amended and Restated Charter, the Corporation shall not carry on any endeavors or activities not permitted to be carried on by a corporation exempt from federal income tax under § 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or by a corporation, contributions to which are deductible under § 170(e)(2) of the Internal Revenue Code of 1986, or corresponding sections of any future federal tax code.

12. **Dissolution.** Upon dissolution, after all creditors of the Corporation have been paid, its assets shall be distributed to one or more organizations that qualify as exempt organizations under § 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or shall be distributed to the Federal Government, or to a state or local government for exclusively public purposes.

DATED this 4<sup>th</sup> day of December, 2014.

  
Chair

J:\Incorpor\Charity\MichaelDunnCenter\Charter - Amended\Restated - MichaelDunnCenter 091714.docx

Affidavit of True Copy Certification

I, Ruth F Arnold, do hereby make oath that I am the custodian of the electronic version of the attached document tendered for registration herewith and that this is a true and correct copy of the original document executed and authenticated according to law.

*Ruth F. Arnold*

Signature

State of Tennessee

County of Davidson

Personally appeared before me, Heather Dye, a notary public for this county and state, Ruth F Arnold, who acknowledges that this certification of an electronic document is true and correct and whose signature I have witnessed.

*Heather C. Dye*

Notary signature

My Commission Expires:

11/3/2015

Notary Seal:





STATE OF TENNESSEE  
Tre Hargett, Secretary of State  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

TARA HANOUSKOVA  
629 GALLAHER RD  
KINGSTON, TN 37763-4215

August 7, 2015

Request Type: Certificate of Existence/Authorization  
Request #: 0171611

Issuance Date: 08/07/2015  
Copies Requested: 2

Document Receipt

Receipt #: 002183253

Filing Fee: \$40.00

Payment-Check/MO - MICHAEL DUNN CENTER, KINGSTON, TN

\$40.00

Regarding: MICHAEL DUNN CENTER

Filing Type: Nonprofit Corporation - Domestic

Control #: 51519

Formation/Qualification Date: 03/08/1971

Date Formed: 03/08/1971

Status: Active

Formation Locale: TENNESSEE

Duration Term: Perpetual

Inactive Date:

Business County: ROANE COUNTY

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

MICHAEL DUNN CENTER

- \* is a Corporation duly incorporated under the law of this State with a date of incorporation and duration as given above;
- \* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;
- \* has filed the most recent annual report required with this office;
- \* has appointed a registered agent and registered office in this State;
- \* has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett  
Secretary of State

Processed By: Sheila Keeling

Verification #: 013111919

## PROPERTY MANAGEMENT AGREEMENT

Between

Hope Haven Inc., Owner, and

Michael Dunn Center, Property Management Agent

---

THIS PROPERTY MANAGEMENT AGREEMENT ("Agreement") is made effective as of January 1, 2016, by and between Hope Haven, Inc., Owner, and Michael Dunn Center, Property Management Company ("Agent"). This Agreement pertains to certain real property located in Roane County, Tennessee at the various street addresses together with all improvements, appurtenances, and equipment located thereon. These addresses comprise the "Project" funded by TennCare. Owner desires to contract with Agent to provide full property management services for the Project. In consideration of the covenants and agreements below, the parties agree as follows:



## Article I. Definitions

The following definitions reflect the terms as used in this agreement:

- (a) "**Fiscal Year**" is the year ending June 30.
- (b) "**Funders**" includes those entities providing financing for the Project, as set forth in the Project Requirements.
- (c) "**Gross Collections**" are all amounts actually collected by Agent, as rents or other payments, including any federal rental assistance, but excluding (i) income derived from interest or investments, (ii) discounts and dividends on insurance, and (iii) Tenant Deposits.
- (d) "**Lease**" is any rental agreement whereby Owner has agreed to let and Tenant has agreed to accept a Rental Unit in the Project identified in the Lease in accordance with the terms of the Lease. The form of Lease entered into by a Tenant must meet the requirements set forth in Section 4.3(d) and have attached thereto the form of lease rider described in Section 4.3(e).
- (e) "**Operating Account**" is an account in Agent's name on behalf of the Owner designated of record. The account name should identify the Project and be approved in writing by Owner, at such financial institution as Owner may specify from time to time in writing.
- (f) "**Project Requirements**" are the leasing and other requirements contained in any documents signed by Owner in connection with the acquisition, financing, and ownership of the Project (the "Requirements"), including the Project Documents. The financing documents include the following requirements which relate to tenant income and rent limits, insurance requirements, lease provisions, reporting and recordkeeping requirements, and grievance procedures:

The Agent shall comply with all applicable HUD requirements of the Neighborhood Stabilization Program. *In the event of any conflict between the HUD requirements and either this Management Agreement, the Management Plan, or directives from Owner, the HUD requirements will prevail.*

Per NSP directives for meeting the requirements of the 25% set aside, all units covered under this agreement will be subject to Low HOME unit rent calculations.

- (g) **"Rent"** is the monthly amount (excluding federal rental assistance payments) that a Tenant is obligated to pay Owner pursuant to the terms of a Lease.
- (h) **"Rental Unit"** is a dwelling unit in the Project rented and to be rented to residential Tenants.
- (i) **"Tenant"** is one or more persons occupying a Rental Unit pursuant to a Lease.
- (j) **"Tenant Deposit"** is any security deposit, cleaning deposit, prepaid rent deposit, or other sum advanced by a Tenant under terms that may require repayment by Owner or application against a future liability of such Tenant.

## **Article 2: Appointment and Acceptance**

The Owner appoints the Agent for the management of the property described more fully in Attachment A of this Agreement, and the Agent accepts the appointment, subject to the terms and conditions set forth in this Agreement.

## **Article 3: Term and Termination**

This Agreement shall be in force on an annual basis beginning on the **1st day of January, 2016** with a term of three years. This Agreement shall continue thereafter until the Agent terminates it, effective the last day of any month, by written notice to the other party ninety (90) days prior to said date. The Agent may, not earlier than 60 days or later than 30 days prior to any renewal date, provide written notice of any proposed amendments or modifications to the Agreement, and the parties agree to negotiate in good faith the terms of any such amendment. In the event the parties cannot mutually agree on acceptable terms, the Agreement shall remain unchanged. In the event the parties fail to provide notice of any proposed amendments to this Agreement within the period specified before the renewal date, the then-existing terms of the Agreement shall remain in full force and effect for the next one-year renewal period unless the Agreement is otherwise terminated.

This Agreement shall also be subject to termination upon any of the conditions identified in Article 10.

## **Article 4: Services of Agent**

### **4.1 Agent represents:**

- a) that it is experienced in professional management of property of the character and nature similar to the Project
- b) that it is legally authorized to manage such property in the state of Tennessee.

- c) that it will manage the Project in accordance with the highest professional standards for such property.
- d) that it confer fully and regularly with the owner in the performance of its duties and to continue to remain informed regarding the property.

4.2 As soon as practicable, but not later than final completion of the rehabilitation or construction of the Project or any phase thereof, Owner shall furnish Agent with a complete set of general plans and specifications for the Project and copies of all guaranties and warranties pertinent to construction and fixtures and equipment of the Project. Agent shall utilize this information along with inspections from appropriate staff to thoroughly familiarize itself with the character, construction, layout, and plans of the Project, including the electrical, heating, plumbing, and ventilating systems and all other mechanical equipment in the Project.

4.3 Agent shall offer for rent and shall rent the Rental Units in the Project in accordance with all Project Requirements. Pursuant to its rental responsibilities, Agent shall:

- (a) Carry out marketing in accordance with the approved Resident Selection and Affirmative Marketing Plans.
- (b) Agent shall exercise its best efforts to rent all units.
- (b) Show rental units in the Project to all prospective tenants.

#### ARTICLE 5: MANAGEMENT AUTHORITY

5.1 Agent's authority is expressly limited to the provisions contained herein, as they may be amended in writing from time to time in accordance with the provisions of this Agreement. Owner expressly withholds from Agent any power or authority to make any structural change in the Project or to make any other major alterations or additions in or to the Project or fixtures or equipment therein, or to incur any expense chargeable to Owner other than expenses related to exercising the express powers granted to Agent by the terms of this Agreement, without the prior written consent of Owner.

5.2 Agent shall have the right to engage independent contractors for performance of such of its duties hereunder as Agent deems necessary, but Agent shall have the responsibility for supervision of the performance of such duties.

5.3 Agent shall comply fully with all federal, state, county, municipal and special district laws, ordinances, rules, regulations, and orders relative to the leasing, use, operation, repair, and maintenance of the Project. Agent shall promptly remedy any violation of any such

law, ordinance, rule, or regulation which comes to its attention and shall notify Owner by the end of the next business day after Agent becomes aware of any violation for which Owner may be subject to penalty. Agent shall take no action so long as Owner is contesting or has affirmed its intention to contest any such order or requirement.

5.4 In the performance of its obligations under this agreement, the Agent will comply with the provisions of any Federal, State, or local Fair Housing law prohibiting discrimination in housing or employment on the grounds of race, color, religion, sex, familial status, National origin, or handicap, and other nondiscrimination laws such as Title VI of the Civil Rights Act of 1964 (Public law 88-352, 78 Stat. 341), Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and the Americans with Disabilities Act, as applicable.

5.5 Agent shall maintain as confidential any financial information obtained from or about Owner, even after termination of this Agreement.

## **Article 6: Insurance and Indemnification**

6.1 Agent shall be personally liable for its breaches of this Agreement and for damages and costs (including reasonable attorney fees) resulting from Agent's negligence or misconduct.

### **6.2 Insurance.**

(a) Agent shall obtain and keep in force such forms and amount of insurance as required by the Project Requirements, with insurance companies satisfactory to Owner. Such insurance shall include but is not limited to, fidelity insurance, workers compensation insurance, insurance against physical damage (e.g., fire and extended coverage endorsement, boiler and machinery, etc.) and against liability for loss (including loss of income due to business interruption), damage, or injury to property or persons which might arise out of the occupancy, management, operation or maintenance of any part of the Project. Agent shall provide a copy of such insurance policies to Owner and, to the extent required by the Project Requirements, to others.

(b) Agent shall be named as an additional insured while acting as agent for Owner in all liability insurance maintained with respect to the Project. Funders as required by the Project Requirements shall also be named as additional insured.

(c) Agent shall investigate all accidents, claims, and potential claims for damages relating to the Project, and shall cooperate fully with Owner.

(d) Agent shall furnish whatever readily available information is requested by Owner for the purpose of obtaining insurance coverage, and shall aid and cooperate in every reasonable way with respect to such insurance and any loss.

(e) Agent shall require that all subcontractors working on the Project maintain, at the subcontractor's expense, workers' compensation insurance, in such amounts as may be required by law from time to time. Agent shall be notified promptly in the event Owner waives any of the requirements in this Section 6.5.

### 6.3 Indemnification

(a) To the extent permitted by law, Agent agrees to defend, indemnify and save harmless Owner and its partners from and against all claims, investigations, and suits with respect to (i) any alleged or actual violation of state or federal labor, discrimination or other laws pertaining to agent's employees, it being expressly agreed and understood that as between Owner and Agent, all persons employed in connection with the Project are employees of Agent, not Owner; or (ii) Agent's breach of this Agreement or its negligence or misconduct.

(b) To the extent permitted by law, Owner agrees to defend, indemnify, and save harmless Agent from and against all claims, investigations and suits in connection with the Project, provided that such claims, investigations and suits are attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property, and such claims and suits arise, or are alleged to arise, in whole or in part out of any negligent act or omission of Owner, its officers, employees, or agents.

(c) The indemnity obligations contained in this Agreement shall survive the termination of this Agreement.

## Article 7: Owner's Right to Audit

7.1 Owner does not have the right to conduct or to appoint others to conduct examinations of the books and records of the Agent.

## Article 8: Remittance of Funds

8.1 Agent will follow the Agent's policies in controlling all funds.

## Article 9: Agent Compensation

The Agent will not receive compensation from the Owner.

## **Article 10: Termination**

10.1 This Agreement will terminate by mutual written consent of Agent and Owner

## **Article 11: Cooperation**

If any claims, demands, suits, or other legal proceedings that arise out of any of the matters relating to this Agreement be made or instituted by any person against either Owner or Agent, Owner or Agent shall give to each other all pertinent information and reasonable assistance in the defense or other disposition thereof, at its sole expense.

## **ARTICLE 12: CONSENT**

Whenever in this Agreement the consent or approval of Agent or Owner is required, such consent or approval shall not be unreasonably withheld or delayed. Such consent shall be in writing and shall be duly executed by an authorized officer or agent for the party granting such consent or approval; provided, however, notwithstanding anything in this Agreement to the contrary, if such consent or approval would be required for Agent to comply with the Requirements, Agent shall not be responsible for a failure to comply with the Requirements as a result of Owner's refusal or unreasonable delay to so consent or approve.

## **ARTICLE 13: NOTICES**

All notices, demands, consents, and reports provided for in this Agreement shall be given in writing and shall be deemed received by the addressee on the third day after mailing if mailed by United States certified or registered mail, postage prepaid, or on the day delivered if personally delivered at the following addresses:

If to Owner: Hope Haven Inc.  
629 Gallaher Rd.  
Kingston, TN 37763

If to Agent: Mike McElhinney, President & CEO  
Michael Dunn Center  
629 Gallaher Rd.  
Kingston, TN 37763

These addresses may be changed by giving written notice of such change to the other party.

## ARTICLE 14: MISCELLANEOUS

14.1 *Special Power of Attorney.* Owner authorizes Agent as attorney-in-fact for Owner to enter into and execute Leases and rental agreements with respect to the Project.

14.2 *Entire Agreement.* This Agreement constitutes the entire Agreement between Agent and Owner, and no amendment, alteration, modification, or addition to this Agreement shall be valid or enforceable unless expressed in writing and signed by the parties hereto and unless such amendment, alteration, modification, or addition has been consented to in writing by the HUD.

14.3 *Waiver.* The waiver of any of the terms and conditions of this Agreement on any occasion or occasions shall not be deemed as waiver of such terms and conditions on any future occasion.

14.4 *Illegality.* If any provision of this Agreement shall prove to be illegal, invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

14.5 *Relationship.* Nothing contained in this Agreement shall be construed to create a relationship of employer and employee between Owner and Agent, it being the intent of the parties hereto that the relationship created hereby is that of an independent contractor. Nothing contained herein shall be deemed to constitute the Owner and Agent relationship as a partnership or joint venture.

14.6 *Governing Law.* This Agreement shall be governed by and interpreted in accordance with the laws of the state of Tennessee.

14.7 *Enforceability.* The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remaining portions thereof. Owner's remedies under this Agreement are cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of Owner's other remedies. No waiver by Owner of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. Owner or Agent may apply to any court, state or federal, for specific performance of this Agreement, for an injunction against any violations of this Agreement, or for such other relief as may be appropriate, since the injury arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain. However, for damages claims, the parties agree they will first seek voluntary mediation in the case of any dispute, claim, counter-claim, defense, controversy (collectively, "Disputes") between the parties concerning this agreement. The party initiating mediation shall choose a neutral mediator and propose times and dates for mediation. If the second party objects to the choice of mediator, a second mediator will be chosen. The mediation shall be conducted under the then existing rules of American Arbitration Association. The mediation shall take place in Kingston, Tennessee and mediator fees shall be shared equally between the parties. The

resolution of the disputes shall be memorialized in writing. If mediation is unsuccessful, the disputes may be raised in any court with jurisdiction over this matter.

14.8 *Attorney Fees.* If any judicial remedy is necessary to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to reasonable attorney fees, costs and other expenses, at trial and on appeal.

14.9 *Successors and Assigns.* This Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Agent and their respective successors and assigns; provided, however, that Agent shall not assign this Agreement or any of its duties hereunder, without the prior written consent of Owner. In the event Owner's current Managing General Partner or any successor Managing General Partner of Owner is removed, any successor Managing General Partner selected shall have authority to act hereunder on behalf of Owner.

14.10 *Exhibits.* All Exhibits are incorporated by reference into this Agreement.

14.11 *No Third-Party Beneficiaries.* Nothing in this Agreement is intended to benefit any person or entity other than Owner, Agent or HUD, and this Agreement shall not be construed to provide any other persons or entities with any rights or remedies against the parties. No one other than Owner, Agent or HUD shall be entitled to rely on the implementation or enforcement of any term of this Agreement.

AGENT

OWNER

By: \_\_\_\_\_  
(Signature)

By: Denise Jandron  
(Signature)

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Print Name: Denise Jandron  
Title: Director of Health Services



**LEASE**

THIS LEASE is hereby made and entered into on this the January 1, 2016 by and between Hope Haven Inc., hereinafter called "Lessor", and Michael Dunn Center hereinafter called "Lessee", at Kingston, Tennessee.

**WITNESSETH:**

Lessor, for and in consideration of the rents, covenants, agreements and conditions herein contained, does hereby lease and demise unto Lessee, for the term hereinafter specified, the real property situated at 313 Michael Dunn Dr., Rockwood, Tennessee, together with all appurtenances thereon, hereinafter called the "Leased Premises". The covenants, terms and conditions of this Lease are as follows:

1. **Term.** This Lease shall be for a term of twelve (12) months to commence on January 1, 2016 and to end on December 31, 2016 with the option to the Lessee of renewing the lease for another 29 years. The lease shall be terminable on sixty (60) days written notice served by the Lessee on the Lessor.
2. **Rent.** Lessee agrees to pay, without demand, to Lessor as rent for the Leased Premises the sum to be determined by appraisal but estimated to be 3,500 dollars per month in advance on or before the first day of each calendar month beginning January 2016. Rent shall be payable at 629 Gallaher Road, Kingston, Tennessee 37763, or at such other place as Lessor may designate.
3. **Security Deposit.** No security deposit will be required with this Lease.
4. **Quiet Enjoyment.** Lessor covenants that on paying the rent and performing the covenants herein contained, Lessee shall peacefully and quietly have, hold and enjoy the Leased Premises for the agreed term.
5. **Use of Leased Premises.** The Leased Premises shall be used and occupied by Lessee exclusively as a residential setting, and neither the Leased Premises nor any part thereof shall be used at any time during the term of this Lease, or any holdover period, by Lessee for the purpose of carrying on commercial business, or for any purpose other than as a residential setting. Lessee shall comply with all restrictions, sanitary laws, ordinances, rules and orders of appropriate governmental authorities

affecting the cleanliness, occupancy and preservation of the Leased Premises, and the sidewalks connected thereto, during the term of this Lease.

6. **Condition of Leased Premises.** Lessee stipulates that he[she] has examined the Leased Premises, including the grounds and all buildings and improvements, and that they are at the time of this Lease, in good order, repair and in a safe, clean and tenantable condition.

7. **Assignment and Subletting.** Without the prior written consent of Lessor, Lessee shall not assign this Lease or sublet or grant any concession or license to use the Leased Premises, or any part thereof. A consent by Lessor to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession or license. An assignment, subletting, concession or license without the prior written consent of Lessor, or an assignment or subletting by operation of law, shall be void and shall, at Lessor's option, terminate this Lease.

8. **Alterations and Improvements.** Lessee shall make no alterations, additions or improvements, including but not limited to painting of and attachment of wall furnishings to the house (building) which is part of the Leased Premises, without the prior consent of Lessor, except that Lessee may reasonably hang wall furnishings requiring only light picture hooks without Lessor's consent.

9. **Maintenance and Repair.** Lessee shall at his[her] sole expense, keep and maintain the Leased Premises and appurtenances, in as good condition and repair during the term of this Lease and any renewals thereof or holdover period, as the condition and repair of the Leased Premises at the commencement of this Lease, ordinary wear and tear and unavoidable casualty excepted, and on termination of this Lease and renewals thereof or of any holdover period, Lessee shall surrender the Leased Premises to Lessor in said condition. Lessee agrees to pay Lessor, upon demand, for any and all loss or damages to the Leased Premises caused by Lessee's misuse, waste or neglect, or that of any of Lessee's employees, family members, agents, visitors, guests, pets, or anyone else under the control of the Lessee, including but not limited to any and all damage to exterior or interior walls, ceilings, floors, windows, lawn, heating or air conditioning apparatus, stove, oven, refrigerator, water heater, disposal, electric lights, shrubs, and any and all other fixtures or appliances on the Leased Premises. Lessee shall promptly notify the Lessor or his[her] leasing representative, of any accident to or defect in the water pipes, gas pipes, electric light wires, heating or air conditioning systems, fixtures, or appliances. It is agreed that Lessor shall not be liable in damages for any temporary breakdown of said facilities or discontinuance of services provided by said facilities. Lessor may deduct any amounts due from the Lessee under this paragraph from the security deposit. Lessee agrees to take all reasonable steps to protect plumbing during freezing weather.

10. **Utilities.** Lessee shall be responsible for arranging for and paying for all utility services required on the Leased Premises, including but not limited to electricity, sewer, cable television, telephone service and the added fee for use of the security light.

11. **Casualty to Leased Premises.** If the Leased Premises or any part thereof, shall be damaged or destroyed by fire, tornado, or other casualty not due to Lessee's negligence

or willful act or that of any of his[her] employees, family members, agents, or visitors, then Lessee shall give immediate notice of said casualty to Lessor, or his[her] leasing representative. In the event of said casualty, if Lessor shall elect to repair the Leased Premises, then there shall be an abatement of rent corresponding with the time during which, and the extent to which, the Leased Premises are untenable; but, if Lessor should elect not to repair or rebuild said Leased Premises, the term of this Lease shall end and the rent shall be prorated up to the time of the casualty.

12. **Animals.** Lessee shall keep no animals, domestic or otherwise on or about the Leased Premises without the consent of Lessor. Lessee shall be responsible for any damage caused as a result of animals kept by Lessee, including but not limited to damage to trees, shrubs, or to the home.

13. **Liability of Lessor.** Lessor does not warrant the condition of the Leased Premises in any respect, and shall not be liable for any injury to the person or property of Lessee, his[her] family, servants, agents or those claiming under any of them, or for injuries to any other person or property on the Leased Premises arising out of defects in the Leased Premises. Lessee agrees to hold the Lessor harmless against any claims for damages to person or property arising out of injuries to person or property upon the Leased Premises.

14. **Lawn and Shrubs.** Lessee agrees to care for and maintain the lawn and shrubbery.

15. **Surrender of Leased Premises.** At the termination of the Lease or the expiration of the Lease term or of any renewal thereof or of any holdover period, Lessee shall quit and surrender the Leased Premises hereby demised without demand of Lessor in a broom-clean condition.

16. **Default.** If any default is made in the payment of rent, or any part thereof, at the times herein below specified, and Lessee does not pay all amounts due and owing within ten (10) days after written notice of said default is sent by Lessor to Lessee, then the Lease, at the option of the Lessor, shall terminate and be forfeited, and Lessee shall vacate the Leased Premises without further notice or demand. If any default is made in the performance of or compliance with any other term or condition hereof or the Lessee abandons the Leased Premises as set forth in Section 17 just below, the Lease, at the option of Lessor, shall terminate and be forfeited, and Lessee shall vacate the Leased Premises without further demand or notice by Lessor, and Lessor may re-enter and take possession of the Leased Premises without in any way being liable to Lessee. Should this Lease be placed in the hands of an attorney, after default, termination or abandonment, for the enforcement of any rights herein reserved or stipulated, the Lessee agrees to pay reasonable attorneys' fees. Lessee further agrees to pay all costs of collection or costs otherwise occasioned by any default or termination of this Lease or abandonment of the Leased Premises. Lessee shall be liable for all loss (including loss of rents) or damage resulting from such default, termination and/or abandonment.

17. **Abandonment.** If at any time during the term of this Lease, Lessee abandons the Leased Premises or any part thereof, Lessor may at his[her] option, terminate the Lease and/or

enter the Leased Premises by any means without being liable for any prosecution thereof, and without becoming liable to Lessee for damages of any kind whatsoever. Lessor may, at his[her] discretion, upon default, termination or abandonment, as agent for the Lessee relet the Leased Premises, or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rents payable by virtue of such reletting, and at Lessor's option, hold Lessee liable for any difference between the rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by Lessor by means of such reletting. If Lessor's right of re-entry is exercised following the abandonment of the Leased Premises by Lessee, then Lessor may consider abandoned any personal property remaining on the Leased Premises and may dispose of same in any manner permitted by law and is hereby relieved of all liability for doing so.

18. **Right of Inspection.** Lessor and his[her] agents shall have the right at all reasonable times during the term of this Lease and any renewal thereof and any holdover period to enter the Leased Premises for the purpose of inspecting the Leased Premises and all buildings and improvements thereon. If reasonable, the consent of Lessee shall be secured prior to any such inspections.

19. **Binding Effect.** The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives, and assigns of the parties hereto, and all covenants are to be construed as conditions of this Lease.

20. **Representations.** All representations and statements made by Lessee in connection with this Lease prior to its execution are material to the Lessor's demise of the Leased Premises. On discovery by Lessor of any misrepresentations or false statements made by Lessee in connection with this Lease, said Lease shall, at Lessor's option be terminated, and Lessor shall have all remedies available to him(her) as provided by this instrument or applicable law.

21. **No Waiver.** Failure on the part of the Lessor to terminate the Lease for any default or breach shall not be considered as a waiver of his[her] right of election as to any subsequent breach, the right being a continuing one.

22. **Right to Show.** During the last thirty (30) days of this Lease, or any renewal thereof, or at any time during any holdover period, Lessor and his[her] agents shall have the privilege of showing the Leased Premises to prospective purchasers or tenants.

23. **Pronouns.** Whenever in this Lease a pronoun is used, it shall be construed to represent, embrace and include the masculine, feminine, or neuter gender, and singular or plural, as the case may demand.

24. **Captions.** The captions contained in this Lease are inserted only as a matter of convenience and shall not be construed as defining, limiting, extending, or describing the scope of this Lease, any section hereof, or the intent of any provision hereof.

25. **Severability.** The terms and provisions hereof are severable such that if any term or provision is declared or found to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining terms and provisions of this Lease.

26. **Taxes and Insurance.** Lessee shall be responsible for paying all real property taxes and assessments on the Leased Premises, and for providing casualty and liability insurance on the Leased Premises. Lessee shall be responsible for providing insurance on the personal property owned by Lessee, and Lessor shall not be responsible for loss of such property owned by Lessee.

27. **Notice.** Except for any notice required under applicable law to be given in another manner, any notice to Lessor provided for in this Lease shall be given by mailing such notice by certified United States mail, return receipt requested, postage prepaid, to the Lessor at the following address: 629 Gallaher Road, Kingston, Tennessee 37763. Any notice to Lessee provided for in this instrument shall be given by mailing such notice in like manner to the Lessee at the following address: 629 Gallaher Road, Kingston, Tennessee 37763. Either party may change his[her] mailing address by giving the other party written notice of the change,

28. **Agency Provider Change.** Lessee will not be required to leave home if another Community Provider is identified, conditioned upon all other requirements of Lease are met.

29. **Entire Contract.** The entire contract between the parties is contained in this instrument.

IN WITNESS WHEREOF, the parties have executed this Lease on the day and date first above written.

LESSOR:

LESSEE:

\_\_\_\_\_  
Hope Haven Inc. Chair

\_\_\_\_\_  
Michael Dunn Center President & CEO

## Attachment 5

### Section A, Number 13

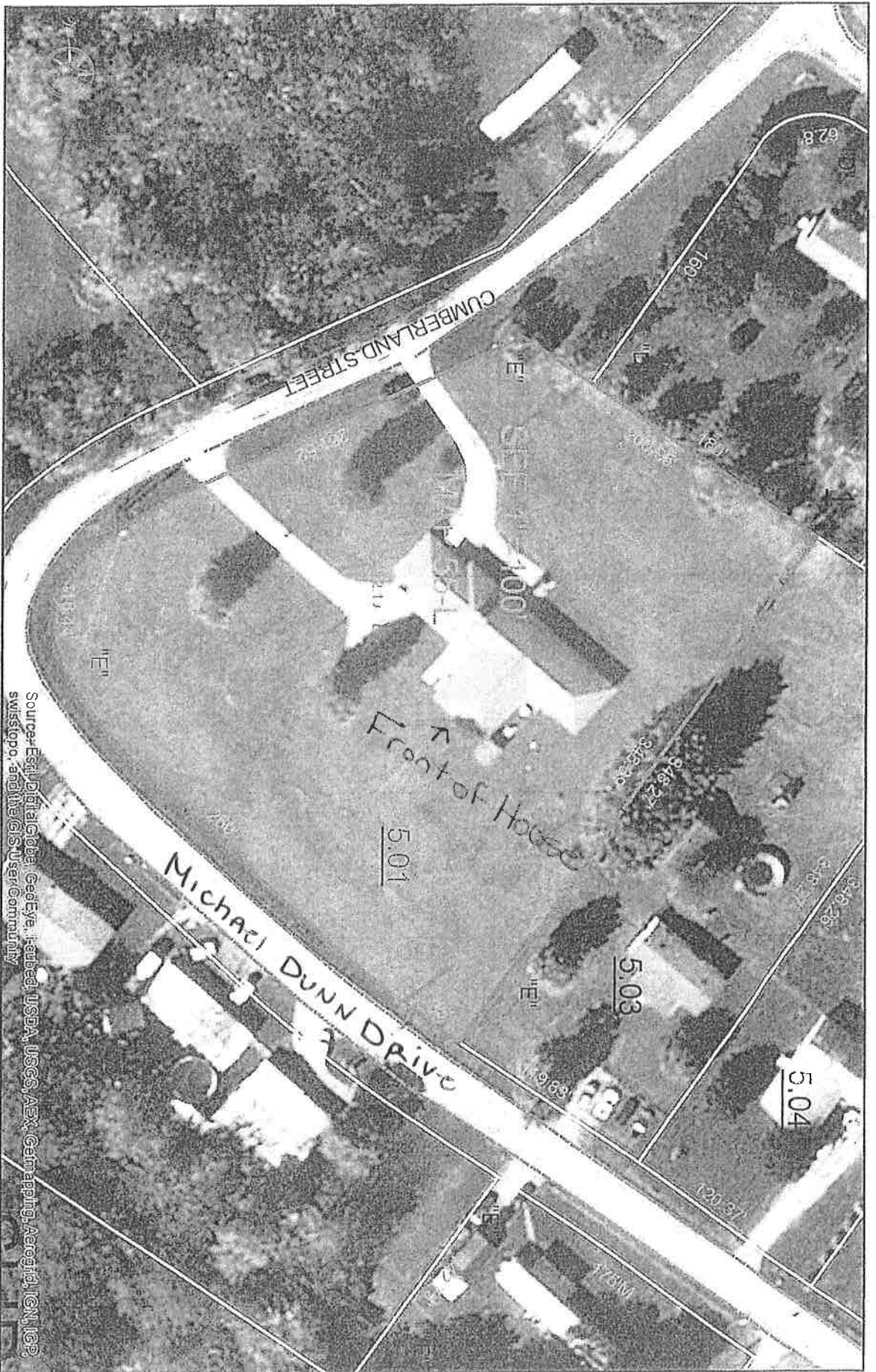
MDC will complete all billing for these four beds via Tennessee Anytime Website and will be reimbursed directly from TennCare.

Health Plan	Provider Services
AMERIGROUP <a href="http://www.amerigroup.com">http://www.amerigroup.com</a> Community Care Three Lakeview Place 22 Century Blvd., Suite 310 Nashville, TN 37214	1-800- 454-3730
BlueCare BlueCare 1 Cameron Hill Circle, Suite 0002 Chattanooga, TN 37402-0002 Fax 800-357-0453	1-800-468-9736
UnitedHealthcare Community Plan UnitedHealthcare Community Plan 2035 Lakeside Centre Way Suite 200 Knoxville, TN 37922 FAX: 865-293-0573	1-800-690-1606
TennCare Select TennCare Select 1 Cameron Hill Circle, Suite 0002 Chattanooga, TN 37402-0002 FAX: 800- 218-3190	1-800-276-1978
<b>Counties:</b> Anderson, Bledsoe, Blount, Bradley, Campbell, Carter, Claiborne, Cocke, Franklin, Grainger, Greene, Grundy, Hamblen, Hamilton, Hancock, Hawkins, Jefferson, Johnson, Knox, Loudon, Marion, McMinn, Meigs, Monroe, Morgan, Polk, Rhea, Roane, Scott, Sequatchie, Sevier, Sullivan, Unicoi, Union and Washington	

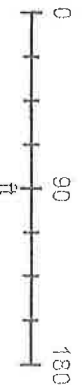


## ROANE COUNTY, TENNESSEE

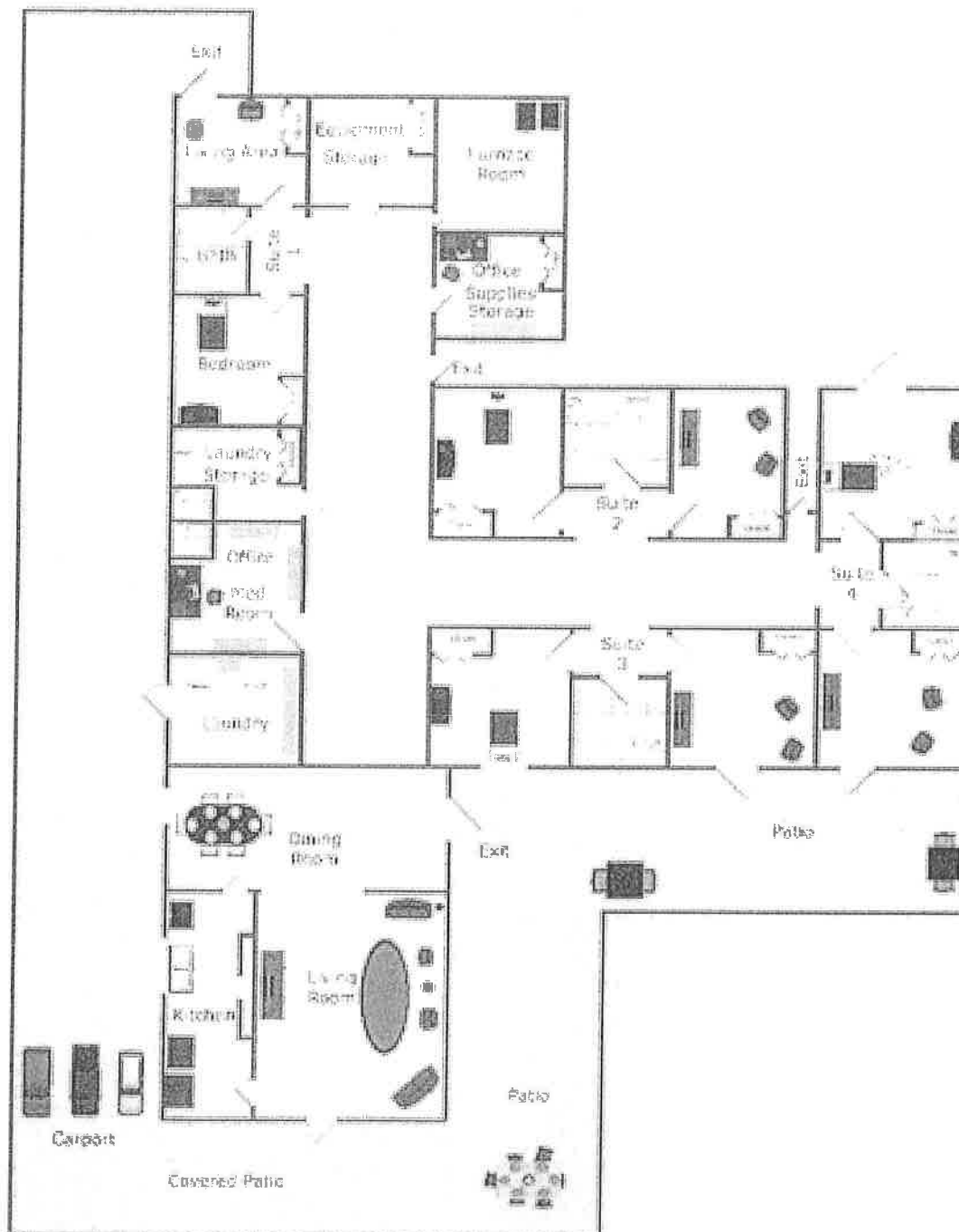
DISCLAIMER: THIS MAP IS FOR PROPERTY TAX ASSESSMENT PURPOSES ONLY. IT WAS CONSTRUCTED FROM PROPERTY INFORMATION RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS AND IS NOT CONCLUSIVE AS TO LOCATION OF PROPERTY OR LEGAL OWNERSHIP.  
MAP DATE: September 4, 2013



313 Michael Dunn Drive



Source: Esri, DigitalGlobe, GeoEye, AeroMap, USDA, USGS, AEX, Garmin, Aerial, IGN, IGN, SwissTopo, and the GIS User Community





Attachment 8

Project Cost Chart

A.8. Movable Equipment

Toyota Lift Van	59,544.00
Toyota Lift Van	59,544.00
Toyota Camry	24,508.00
Toyota Camry	24,508.00
Total	168,104.00

Michael Dunn Center  
Balance Sheet

For the Twelve Months Ending June 30, 2015

	<u>YTD</u>
<b>ASSETS</b>	
Cash and Short Term Investments:	
CASH	\$805,641.45
PETTY CASH	800.00
INVESTMENTS	<u>50.00</u>
Total Cash and Short Term Investments	806,491.45
Other Current Assets:	
ACCOUNTS RECEIVABLE	1,734,536.92
PREPAID EXPENSES	13,619.50
OTHER CURRENT ASSETS	<u>320.00</u>
Total Other Current Assets	<u>1,748,476.42</u>
Total Current Assets	<u>2,554,967.87</u>
Fixed Assets:	
Property Plant & Equipment:	
LAND	20,000.00
BUILDINGS	1,910,423.25
EQUIPMENT	601,622.76
VEHICLES	<u>2,068,811.11</u>
Total Property Plant & Equipment	4,600,857.12
Total Accumulated Depreciation	<u>(4,010,081.57)</u>
Net Fixed Assets	<u>590,775.55</u>
Total Assets	<u><u>\$3,145,743.42</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Current Liabilities:	
ACCOUNTS PAYABLE	\$194,650.81
WAGES PAYABLE	527,312.33
PAYROLL LIABILITIES	<u>30,309.87</u>
Total Current Liabilities	<u>752,273.01</u>
Total Liabilities	<u>752,273.01</u>
Stockholders' Equity	
CURRENT YEAR NET INCOME	(292,806.89)
FUND BALANCE	<u>2,686,277.30</u>
Total Stockholders' Equity	<u>2,393,470.41</u>
Total Liabilities and Stockholders' Equity	<u><u>\$3,145,743.42</u></u>

Michael Dunn Center

For the Twelve Months Ending June 30, 2015

**INCOME STATEMENT**

	<u>CURRENT</u>	<u>YTD</u>
<b>INCOME</b>		
State & Federal Contracts	\$1,073,037.11	\$10,060,444.44
School Contracts	2,000.00	439,812.71
Other Contracts		3,976.00
Local Funds	1,433.95	88,459.88
Grant Income	5,000.00	5,000.00
Fees & Rents	28,146.43	473,414.58
Sales	111,443.95	815,270.50
Other Income	53,647.95	133,605.29
<b>TOTAL INCOME</b>	<b>1,274,709.39</b>	<b>12,019,983.40</b>
<b>EXPENSES</b>		
Salaries	640,823.17	8,031,429.60
Benefits & Taxes	119,754.95	1,437,448.14
<b>TOTAL PERSONNEL</b>	<b>760,578.12</b>	<b>9,468,877.74</b>
Professional Fees	43,570.74	483,618.95
Supplies	24,015.25	474,815.64
Telephone	4,791.79	73,722.40
Postage & Shipping	2,006.15	9,403.04
Occupancy	36,811.73	331,644.19
Equipment Rental & Maint.		1,768.05
Printing & Publications		4,207.12
Travel, Conf & Meetings	80,945.48	587,469.39
Insurance	5,728.54	68,662.91
SR Wages & Benefits	16,541.22	195,870.91
Depreciation	5,442.28	65,307.23
Other Non Personnel	3,618.01	165,734.59
Items For Resale	14,938.87	40,611.76
Equipment	(18,718.12)	
<b>TOTAL OTHER EXPENSES</b>	<b>219,691.94</b>	<b>2,502,836.18</b>
<b>TOTAL EXPENSES</b>	<b>980,270.06</b>	<b>11,971,713.92</b>
<b>NET INCOME</b>	<b>294,439.33</b>	<b>48,269.48</b>

MICHAEL DUNN CENTER, INC.  
FINANCIAL STATEMENTS  
WITH  
SUPPLEMENTAL FINANCIAL INFORMATION  
JUNE 30, 2014 AND 2013

**MICHAEL DUNN CENTER, INC.**

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CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage  
Marie I. Niekerk  
Josh Stone  
Earl O. Wright - 1988 - 2002

Stephen J. Parsons - Retired  
Catherine R. Hulme  
Rebecca Hutsell  
William R. Scandlyn - 1988 - 1999

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Michael Dunn Center, Inc.  
Kingston, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of Michael Dunn Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michael Dunn Center, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


***Other Matters******Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information listed as supplemental financial information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of Michael Dunn Center, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes

of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of Michael Dunn Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Michael Dunn Center, Inc.'s internal control over financial reporting and compliance.

  
Parsons & Wright  
Certified Public Accountants  
Kingston, Tennessee

November 21, 2014

MICHAEL DUNN CENTER, INC.

FINANCIAL SECTION

JUNE 30, 2014 AND 2013



MICHAEL DUNN CENTER, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014	JUNE 30, 2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,199,050	\$ 893,084
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$50,000)	1,124,561	1,641,018
Prepaid Expenses	6,450	0
<i>Total Current Assets</i>	<u>\$ 2,330,061</u>	<u>\$ 2,534,102</u>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Improvements	\$ 1,910,423	\$ 1,882,806
Equipment	601,623	582,453
Vehicles	1,983,457	1,891,208
Land	20,000	20,000
<i>Total Property and Equipment</i>	\$ 4,515,503	\$ 4,376,467
Less: Accumulated Depreciation	<u>(3,809,914)</u>	<u>(3,588,520)</u>
<i>Net Property and Equipment</i>	<u>\$ 705,589</u>	<u>\$ 787,947</u>
<b>OTHER ASSETS</b>		
Other Assets	\$ 370	\$ 370
<i>Total Other Assets</i>	<u>\$ 370</u>	<u>\$ 370</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,036,020</u>	<u>\$ 3,322,419</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 92,421	\$ 105,754
Accrued Wages	295,394	242,890
Accrued Expense	26,337	20,712
Accrued Vacation	276,670	266,786
<i>Total Current Liabilities</i>	<u>\$ 690,822</u>	<u>\$ 636,142</u>
<b>NET ASSETS</b>		
Unrestricted Net Assets	\$ 2,345,198	\$ 2,686,277
<i>Total Net Assets</i>	<u>\$ 2,345,198</u>	<u>\$ 2,686,277</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,036,020</u>	<u>\$ 3,322,419</u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
STATEMENTS OF ACTIVITIES  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014	JUNE 30, 2013
<b>SUPPORT AND REVENUE</b>	<u>Unrestricted</u>	<u>Unrestricted</u>
<b>FEE FOR SERVICES</b>		
Department of Intellectual and Developmental Disabilities	\$ 7,543,638	\$ 6,980,988
Department of Human Services	71,115	80,342
Department of Education	248,600	239,569
Department of Transportation	28,414	169,679
Department of Health	<u>1,579,991</u>	<u>1,589,875</u>
<i>Total Fee for Service Revenue</i>	\$ <u>9,471,758</u>	\$ <u>9,060,453</u>
<b>OTHER SERVICES AND INCOME</b>		
School Contracts	\$ 490,521	\$ 567,440
Local Funds (United Way, County Funds, Etc.)	266,608	136,366
Sales	697,851	795,943
Fees for Service	528,065	598,648
Other Income & Reimbursement Expenses	<u>184,859</u>	<u>221,016</u>
<i>Total Other Services and Income Revenue</i>	\$ <u>2,167,904</u>	\$ <u>2,319,413</u>
<b>TOTAL SUPPORT AND REVENUE</b>	\$ <u>11,639,662</u>	\$ <u>11,379,866</u>
<b>EXPENSES</b>		
<b>PROGRAM SERVICES</b>		
Henry Center	\$ 711,245	\$ 717,097
Adult	612,794	623,902
Work Program	1,367,083	1,330,621
School	463,945	551,819
Residential	1,921,115	1,774,943
Med Residential	2,419,561	1,942,676
Family Based	450,449	456,608
ICF Homes	1,642,016	1,657,471
Supported Living Homes	2,078,377	1,979,132
Social Services and Quality Enhancement	8,743	0
Development	167,799	105,499
Other Program Services	<u>77,079</u>	<u>56,996</u>
<i>Total Program Services</i>	\$ <u>11,920,206</u>	\$ <u>11,196,764</u>
<b>SUPPORT SERVICES</b>		
General and Administrative	<u>60,535</u>	<u>71,666</u>
<b>TOTAL EXPENSES</b>	\$ <u>11,980,741</u>	\$ <u>11,268,430</u>
<b>CHANGE IN NET ASSETS</b>	\$ (341,079)	\$ 111,436
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,686,277</u>	<u>2,574,841</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,345,198</u>	<u>\$ 2,686,277</u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2014

	HENRY CENTER	ADULT	WORK PROGRAM	SCHOOL	RESIDENTIAL	MED RESIDENTIAL	FAMILY BASED
Wages and Salaries	\$ 302,209	\$ 325,628	\$ 570,933	\$ 259,308	\$ 1,118,339	\$ 1,678,164	\$ 99,011
Fringe Benefits	57,932	81,036	119,179	55,368	189,465	265,883	15,387
<b>Total Personnel</b>	<b>\$ 360,141</b>	<b>\$ 406,664</b>	<b>\$ 690,112</b>	<b>\$ 314,676</b>	<b>\$ 1,307,804</b>	<b>\$ 1,944,047</b>	<b>\$ 114,398</b>
Professional and							
Contracted Services	164,655	0	0	22,844	383	17,392	243,061
Supplies	32,672	3,633	18,534	7,224	152,263	50,300	424
Telephone	3,568	855	3,744	2,467	10,314	5,924	218
Postage and Shipping	30	0	37	9	0	0	0
Occupancy	54,003	17,108	47,314	11,732	23,495	39,751	429
Equip Rental & Maint	465	0	11,721	30	165	30	0
Printing and Publications	54	60	0	0	0	0	0
Travel, Conf & Meetings	8,672	30,433	99,885	41,731	36,600	26,378	31,274
Insurance	3,732	771	2,319	1,036	1,283	1,890	2,517
SR Wages & Benefits	501	0	213,057	0	0	0	0
Items Purchased for Resale	0	0	29,445	6,390	0	0	0
Administration	76,005	65,693	143,899	49,578	203,754	258,231	48,160
Case Management Cost	0	80,487	47,077	0	136,675	42,521	9,112
Other Expenses	579	3,858	4,253	3,138	22,735	14,803	856
<b>Total Expenses</b>							
<b>Before Depreciation</b>	<b>\$ 705,077</b>	<b>\$ 609,562</b>	<b>\$ 1,311,397</b>	<b>\$ 460,855</b>	<b>\$ 1,895,471</b>	<b>\$ 2,401,267</b>	<b>\$ 450,449</b>
Depreciation	6,168	3,232	55,686	3,090	25,644	18,294	0
<b>TOTAL EXPENSES</b>	<b>\$ 711,245</b>	<b>\$ 612,794</b>	<b>\$ 1,367,083</b>	<b>\$ 463,945</b>	<b>\$ 1,921,115</b>	<b>\$ 2,419,561</b>	<b>\$ 450,449</b>

The accompanying notes are an integral part of these financial statements.

**MICHAEL DUNN CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**JUNE 30, 2014**

	ICF HOMES	SUPPORTED LIVING	SOCIAL SERVICES QUALITY ENHANCEMENT	DEVELOPMENT	OTHER PROGRAM SERVICES	GENERAL AND ADMIN.	2014 TOTAL EXPENSES	2013 TOTAL EXPENSES
Wages and Salaries	\$ 996,085	\$ 1,270,367	\$ 260,839	\$ 99,128	\$ 52,755	\$ 738,440	\$ 7,771,206	\$ 7,155,803
Fringe Benefits	196,996	232,296	50,267	16,816	5,727	243,196	1,529,548	1,339,277
<b>Total Personnel</b>	<b>\$ 1,193,081</b>	<b>\$ 1,502,663</b>	<b>\$ 311,106</b>	<b>\$ 115,944</b>	<b>\$ 58,482</b>	<b>\$ 981,636</b>	<b>\$ 9,300,754</b>	<b>\$ 8,495,080</b>
Professional and Contracted Services	14,668	0	0	4,403	1,579	85,060	554,045	569,792
Supplies	62,210	75,807	3,397	19,541	528	74,799	501,332	514,878
Telephone	7,878	12,025	3,869	571	0	11,394	62,827	65,191
Postage and Shipping	0	0	0	480	0	8,307	8,863	6,328
Occupancy	41,069	51,414	5,762	858	0	29,977	322,912	336,694
Equip Rental & Maint	0	0	0	0	0	3,692	16,103	24,849
Printing and Publications	0	0	(495)	1,298	199	2,494	3,610	15,838
Travel, Conf & Meetings	33,990	64,914	16,126	1,470	2,205	66,944	480,622	427,885
Insurance	1,562	4,101	368	22	5,379	37,860	62,840	56,311
SR Wages & Benefits	0	0	0	0	0	0	213,558	184,897
Items Purchased for Resale	0	0	0	0	0	263	36,098	49,690
Administration	174,324	221,371	41,830	17,931	7,545	(1,308,321) *	0	0
Case Management Cost	0	66,819	(382,691)	0	0	0	0	0
Other Expenses	95,986	18,128	1,179	5,242	1,162	43,864	215,783	274,342
<b>Total Expenses</b>	<b>\$ 1,624,768</b>	<b>\$ 2,017,242</b>	<b>\$ 451</b>	<b>\$ 167,760</b>	<b>\$ 77,079</b>	<b>\$ 37,969</b>	<b>\$ 11,759,347</b>	<b>\$ 11,021,775</b>
Before Depreciation								
Depreciation	17,248	61,135	8,292	39	0	22,566	221,394	246,655
<b>TOTAL EXPENSES</b>	<b>\$ 1,642,016</b>	<b>\$ 2,078,377</b>	<b>\$ 8,743</b>	<b>\$ 167,799</b>	<b>\$ 77,079</b>	<b>\$ 60,535</b>	<b>\$ 11,980,741</b>	<b>\$ 11,268,430</b>

\*The amount in Administrative expenses is negative because the expense has been spread throughout the various program expenses and netted to zero.

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014	JUNE 30, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (341,079)	\$ 111,436
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	221,394	246,655
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	516,457	(734,154)
(Increase) Decrease in Prepaid Expense	(6,450)	1,185
Increase (Decrease) in Accounts Payable	(13,333)	(83,453)
Increase (Decrease) in Accrued Wages	52,504	1,081
Increase (Decrease) in Accrued Expenses	5,625	(31,554)
Increase (Decrease) in Accrued Vacation	9,884	9,612
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$ 445,002	\$ (479,192)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Capital Assets	\$ (139,036)	\$ (271,319)
<i>Net Cash Provided by (Used for) Investing Activities</i>	\$ (139,036)	\$ (271,319)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<i>Net Cash Provided by (Used for) Financing Activities</i>	\$ 0	\$ 0
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 305,966	\$ (750,511)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	893,084	1,643,595
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,199,050	\$ 893,084
<b>SUPPLEMENTAL DATA</b>		
Interest Paid	\$ 0	\$ 0
Taxes Paid	0	0
<i>Total Supplemental Data</i>	\$ 0	\$ 0

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

*1. The Reporting Entity*

These financial statements are intended to reflect the assets, liabilities, and results of operations of Michael Dunn Center, Inc. (the Center) only.

The Center was incorporated on March 8, 1971, under the provisions of the State of Tennessee. The Center is a nonprofit and charitable entity. It operates under a board and executive director form of management.

The primary purpose of the Center is to provide mentally and physically handicapped individuals the opportunity for education, vocational training, housing, and other related services. The Center's support comes primarily from the State of Tennessee

*Description of Programs:*

*Adult Day, School Age and Preschool –*

The Center provides to the handicapped citizens of Roane and surrounding counties, with educational training, physical, and occupational therapy, speech therapy and counseling.

*Residential –*

The Center provides management services for the residential houses that provide housing for handicapped citizens. In addition, assistance with personal needs is provided.

*2. Basis of Accounting*

The Center uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

*3. Budgets and Budgetary Accounting*

Formal budgetary integration is employed by the Center as a management control device during the year. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

*4. Income Tax Status*

The Center has qualified as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

*5. Financial Statement Presentation*

In 1996, the Center adopted FASB ASC 958-205 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations"). Under FASB ASC 958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this new standard, the Center has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets.

**MICHAEL DUNN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued**

*5. Financial Statement Presentation - Continued*

In 1996, the Center also adopted FASB ASC 958-605 (formerly SFAS No. 116, "Accounting for Contributions Received and Contributions Made"). In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of the adoption.

Contributions received for the purchase of capital items has been shown as unrestricted because the funds were received and expended in the same year.

CATAGORIES OF ASSETS	BALANCE JUNE 30, 2014	BALANCE JUNE 30, 2013
a. Unrestricted Net Assets, which are not restricted by donors or by law.	\$ 2,345,198	\$ 2,686,277
b. Temporarily Restricted Net Assets, whose use has been limited by donor-imposed time restrictions or purpose restrictions.	0	0
c. Permanently Restricted Net Assets, which have been restricted by donor or by law to be maintained by the organization in perpetuity.	0	0
<b>TOTAL</b>	<u>\$ 2,345,198</u>	<u>\$ 2,686,277</u>

*6. Statement of Cash Flows*

For purposes of the statement of cash flows, the Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Income taxes paid for the year were \$0.

*7. Grant Funds*

Grant funds received for operations are recorded as revenue.

*8. Cash and Cash Equivalents*

The cash total of \$1,199,050 and \$893,084 is comprised of the following:

CASH	June 30, 2014	June 30, 2013
Operating Accounts	\$ 1,198,250	\$ 892,284
Petty Cash	800	800
<b>TOTAL CASH</b>	<u>\$ 1,199,050</u>	<u>\$ 893,084</u>

All accounts are listed in the agency name, Michael Dunn Center, Inc.

The carrying amount of the Center's deposits (checking and savings) for the years ended June 30, 2014 and 2013 was \$1,198,250 and \$892,284 respectively. The bank balance for the years ended June 30, 2014 and 2013 was \$1,540,861 and \$1,068,428, respectively. Of the bank balance, \$495,879 and \$436,341 was covered by federal depository insurance for the years ended June 30, 2014 and 2013 respectively. The balances of the funds were collateralized by the Bank's participation in the State collateral pool.

**MICHAEL DUNN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

*9. Accounts Receivable*

For the years ending June 30, 2014 and 2013, the Center recorded \$50,000 allowance for doubtful accounts to cover potential bad debts. Bad debt expense as of June 30, 2014 and 2013 was \$0. The accounts receivable total of \$1,124,561 and \$1,641,018 at June 30, 2014 and 2013, respectively, is comprised of the following:

<b>ACCOUNTS RECEIVABLE</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Government Entities	\$ 721,143	\$ 1,255,893
Various School Contracts, Etc.	1,211	9,172
Various Contracts, Etc.	200,638	334,918
Hope Haven I, Inc.	6,365	5,977
Hope Haven II, Inc.	6,568	5,551
Hope Haven III, Inc.	6,993	5,747
Michael Dunn Foundation	158,736	5,500
Webster Home, Inc.	40,836	40,046
Simmons Manor, Inc.	32,071	28,214
<b>Total Accounts Receivable</b>	<b>\$ 1,174,561</b>	<b>\$ 1,691,018</b>
Less Allowance for Doubtful Accounts	(50,000)	(50,000)
<b>NET ACCOUNTS RECEIVABLE</b>	<b>\$ 1,124,561</b>	<b>\$ 1,641,018</b>

*10. Fixed Assets*

The fixed assets are recorded at cost and include improvements that significantly add to productive capacity or extend useful life. Cost of maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and related depreciation are removed from the accounts and gain or loss, if any, is reflected in the earnings for the period. Depreciation and amortization, for financial reporting purposes, is provided on the straight-line method. The estimated useful lives of the assets are buildings 30 years, equipment 10 years, and vehicles 5 years. Any interest cost incurred in the construction of fixed assets is capitalized. There was no interest capitalized in the current year. In May of 2008 the Center elected to begin following state guidelines for asset capitalization. Under these guidelines, an asset will be capitalized only when it has a cost of greater than \$5,000 and an estimated useful life of three years or greater.

Fixed assets acquired by the Center are considered to be owned by the Center. However, State-funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds.

*11. Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*12. Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**MICHAEL DUNN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

*13. Accrued Expenses*

The Center accrued wages for payroll ending June 30, 2014 and 2013. These wages were paid in July 2014 and 2013. The accrued salaries at June 30, 2014 and 2013 were \$295,394 and \$242,890, respectively and accrued vacation wages was \$276,670 and \$266,786, respectively.

*14. Advertising Costs*

Advertising costs are expenses as incurred. Advertising expense was \$3,991 and \$12,852 for the years ending June 30, 2014 and 2013 respectively.

*15. Reclassification*

Certain items shown in the previously issued financial statements have been reclassified into different categories in these financial statements to better present the Center's information.

**NOTE B - UNRESTRICTED GRANTS/CONTRIBUTIONS**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until the expensed for the purposes of the grants because they are conditional expenses to give.

**NOTE C - EMPLOYEE PAID TIME OFF**

Effective April 1, 2008 the Center adopted a new Paid Time Off (PTO) policy. It is used for all paid absences from work including vacation, sick, funeral leave, voluntary witness testimony and holidays. PTO is for employees only. An employee is defined as someone whose job exists to fulfill Michael Dunn Center's mission of serving people with disabilities in either a direct service or support function. Service recipients and work program laborers hired to perform contracts are not considered employees and are not eligible for PTO. In order to be eligible for PTO, the employee must be hired, scheduled to work and actually work a minimum of 40 hours per week. There is no PTO for employees working less than 40 hours per week or for seasonal, contract, or temporary employees, regardless of the amount of hours per week they work.

Sick Leave – All earned sick time accrued under the prior system will be transferred into a sick time bank on a one-for-one basis. This time will be saved for use only when the employee has first exhausted all PTO and yet still qualifies for sick time or if an employee has a documented illness, or needs to care for an immediate family member with a documented illness, for a period of time in excess of 10 consecutively scheduled work days. The first 10 days would be charged to PTO and all consecutive days that the employee is absent would be deducted from the sick bank. If an employee leaves the Michael Dunn Center, sick leave is never cashed out for any employee regardless of length of service.

**MICHAEL DUNN CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE C - EMPLOYEE PAID TIME OFF - Continued**

When an employee leaves the Michael Dunn Center, they will get up to a maximum of 200 hours of unused PTO time paid out at their ending rate of pay. Any PTO days accumulated beyond 200 hours will be lost at the time of termination regardless of the reason for their termination.

Holidays are included in the PTO that has been granted. As an incentive for employees to work on Thanksgiving, the day after Thanksgiving, Christmas Eve and Christmas, employees that work these days may also request up to 8 hours of PTO per day.

<u>YEARS OF SERVICE</u>	<u>ACCRUAL RATE PER MONTH</u>	<u>MAXIMUM ANNUAL ACCUMULATION</u>
0-1 Years	0.5 days	6 days
1-4 Years	2.0 days	24 days
5-9 Years	2.5 days	30 days
10-19 Years	3.0 days	36 days
Over 20 Years	3.5 days	42 days

Under the TIMAS (timekeeping system) system there is no carryover of time. An employee can never accrue more than 80 days (640 hours or 4 months) PTO time. Once 640 hours is reached, TIMAS stops adding PTO hours.

Employees in the School Program are subject to a different PTO system in which they will receive 3.5 PTO days per month, regardless of their number of years of service. However, they must use their PTO days, if available, on all days the Roane County Schools are closed for holidays, illness or weather.

**NOTE D - RELATED PARTY TRANSACTIONS**

The following organizations are financially related to the Center:

1. Hope Haven, Inc., Simmons Manor, Inc., and Webster Home, Inc. provide residential housing for clients served by the center.
2. Michael Dunn Foundation, Inc. provides funds for the enhancement of the developmentally disabled.

All of the above mentioned entities are separate corporations with a separate board of directors.

**NOTE E - ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE/NOTES PAYABLE – RELATED PARTIES**

The accounts receivable, accounts payable and notes payable on the balance sheet include amounts due from/to related parties which include Rent, Management Fees, and Reimbursed Expenses, as follows:

<u>RECEIVABLE FROM:</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Hope Haven I, Inc.	\$ 6,365	\$ 5,977
Hope Haven II, Inc.	6,568	5,551
Hope Haven III, Inc.	6,993	5,747
Michael Dunn Foundation	158,736	5,500
Webster Home, Inc.	40,836	40,046
Simmons Manor, Inc.	32,071	28,214
<b>TOTAL RECEIVABLE FROM RELATED PARTIES</b>	<b>\$ 251,569</b>	<b>\$ 91,035</b>

**MICHAEL DUNN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE F - FEES FROM RELATED PARTIES**

Fees are paid to the Center from the related parties for insurance, management fees, wages, repairs and supplies included in other income and reimbursement expense as follows:

RELATED PARTY	June 30, 2014	June 30, 2013
Hope Haven I, Inc.	\$ 11,365	\$ 14,777
Hope Haven II, Inc.	16,224	16,832
Hope Haven III, Inc.	18,049	17,699
Michael Dunn Foundation	158,736	0
Webster Home, Inc.	9,641	9,113
Simmons Manor, Inc.	10,283	10,658
<b>TOTAL FEES FROM RELATED PARTIES</b>	<b>\$ 224,298</b>	<b>\$ 69,079</b>

**NOTE G - DONATED MATERIALS AND SERVICES**

Donated materials or equipment, when received is reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. The entity does not recognize any revenue or expense from services provided by volunteers.

**NOTE H - RENT OF FACILITIES AND EQUIPMENT**

The Center leases from Roane County a school building and property on an annual lease of \$1 per year. The term of the lease is 50 years ending in the year 2026, and has been prepaid through that date. The lease contains a renewal clause in which an additional 50 years may be leased exclusively by the Center for an additional 50 years for the annual lease of \$1 per year.

The Center leases homes from the Michael Dunn Foundation which are cancelable with a term of one year. As of June 30, 2014 and 2013 the annual rent payments are \$114,290 and \$99,600, respectively.

**NOTE I - INSURANCE**

It is the policy of the Center to purchase commercial insurance for the risk of loss to which it is exposed. These risks include general liability, property and casualty, worker's compensation, employee health and accident and environmental. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE J - CONCENTRATION OF CREDIT RISKS**

The Center earns most of its revenue from the State of Tennessee. Should this relationship cease it would be imperative for the Center to seek contracts from other sources.

**NOTE K - AGENT RESPONSIBILITIES**

Michael Dunn Center manages a majority of Client bank accounts and has the agent responsibility to assure that these client resources are budgeted properly and that client expenses are paid timely. In addition, Michael Dunn Center receives client income in the form of state subsidies and has the responsibility to record and distribute these funds appropriately.

**MICHAEL DUNN CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE L – FAIR VALUE FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Center in estimating the fair value of its financial instruments:

Cash and cash equivalents, accounts receivable and accounts payable – The carrying amounts reported in the statements of financial position approximates fair value due to the short maturity of these instruments.

**NOTE M – RETIREMENT PLAN**

The Center maintains a defined contribution pension plan under Section 403 (b) of the Internal Revenue Service Code that covers substantially all full-time employees. The Center's policy is to fund pension costs annually as determined by the plan administrator. The Center will match employee contributions up to 3% of base wages excluding overtime and bonuses subject to annual board approval. Contributions to the plan during the years ended June 30, 2014 and 2013 were \$63,943 and \$59,841, respectively.

**NOTE N – SUBSEQUENT EVENTS**

The Center did not have any subsequent events through November 21, 2014, which is the date the financial statements were available to be issued, which would require recording or disclosure in the financial statements for the year ended June 30, 2014.

MICHAEL DUNN CENTER, INC.

SUPPLEMENTAL FINANCIAL  
INFORMATION

JUNE 30, 2014

MICHAEL DUNN CENTER, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
JUNE 30, 2014

GRANTOR/ PASS-THROUGH GRANTOR	CFDA NUMBER	CONTRACT NUMBER	GRANT RECEIVABLE JULY 1, 2013	CASH RECEIPTS	EXPENDITURES	GRANT RECEIVABLE JUNE 30, 2014
State Financial Assistance						
Tennessee Department of Education	84.393A	DG12-C000023	\$ 92,637	\$ 297,273	\$ 248,600	\$ 43,964
Tennessee Department of Human Services	N/A	34753395007	0	71,115	71,115	0
Tennessee Department of Transportation	N/A	N/A	0	28,414	28,414	0
Tennessee Department of Health	N/A	7447111 & 7447112	0	1,579,991	1,579,991	0
<b>TOTAL STATE AWARDS</b>			<u>\$ 92,637</u>	<u>\$ 1,976,793</u>	<u>\$ 1,928,120</u>	<u>\$ 43,964</u>
State Fee for Service						
Tennessee Department of Intellectual Disabilities	N/A	10-363 E 02	\$ 1,253,979	\$ 8,124,717	\$ 7,543,638	\$ 672,900
<b>TOTAL STATE FEE FOR SERVICE</b>			<u>\$ 1,253,979</u>	<u>\$ 8,124,717</u>	<u>\$ 7,543,638</u>	<u>\$ 672,900</u>
<b>TOTAL STATE AWARDS AND STATE FEE FOR SERVICE</b>			<u>\$ 1,346,616</u>	<u>\$ 10,101,510</u>	<u>\$ 9,471,758</u>	<u>\$ 716,864</u>

**Basis of Presentation:**

Note 1: The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Michael Dunn Center, Inc. under programs of the federal and state governments for the year ended June 30, 2014. The schedule is presented using the accrual basis of accounting.

See independent auditor's report.

MICHAEL DUNN CENTER, INC.  
STATEMENT OF SUPPORT, REVENUES AND EXPENSES  
BUDGET AND ACTUAL  
JUNE 30, 2014

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>SUPPORT AND REVENUES</b>			
<b>Fee for Services</b>			
State and Federal Contracts	\$ 9,343,209	\$ 9,471,758	\$ 128,549
<b>Total Fee for Service Revenue</b>	\$ 9,343,209	\$ 9,471,758	\$ 128,549
<b>Other Services and Income</b>			
School Contracts	\$ 471,145	\$ 490,521	\$ 19,376
Local Funds (United Way, County Funds, Etc.)	123,300	266,608	143,308
Sales	813,722	697,851	(115,871)
Client Fees & Rents	601,170	528,065	(73,105)
Other Income & Reimbursement of Expenses	277,434	184,859	(92,575)
<b>Total Revenue</b>	\$ 2,286,771	\$ 2,167,904	\$ (118,867)
<b>TOTAL SUPPORT AND REVENUE</b>	\$ 11,629,980	\$ 11,639,662	\$ 9,682
<b>EXPENSES</b>			
Salaries	\$ 7,578,785	\$ 7,771,206	\$ (192,421)
Benefits and Taxes	1,511,851	1,529,548	(17,697)
SR Wages and Benefits	185,744	213,558	(27,814)
Professional Fees	658,914	554,045	104,869
Supplies	444,323	501,332	(57,009)
Telephone	65,297	62,827	2,470
Postage and Shipping	6,328	8,863	(2,535)
Equipment Rental & Maintenance	23,520	16,103	7,417
Printing and Publication	15,739	3,610	12,129
Travel, Conference and Meetings	670,106	606,871	63,235
Occupancy	378,180	322,912	55,268
Insurance	54,168	62,840	(8,672)
Depreciation	89,760	75,145	14,615
Other Non-Personal	273,971	215,783	58,188
Items for Resale	49,523	36,098	13,425
<b>Total Program Services</b>	\$ 12,006,209	\$ 11,980,741	\$ 25,468
<b>TOTAL EXPENSES</b>	\$ 12,006,209	\$ 11,980,741	\$ 25,468
<b>CHANGE IN NET ASSETS</b>	\$ (376,229)	\$ (341,079)	\$ 35,150
<b>BEGINNING NET ASSETS</b>		2,686,277	
<b>ENDING NET ASSETS</b>		\$ 2,345,198	

Note: Actual Vehicle Depreciation of \$146,249 has been included with Travel, Conference and Meetings to align with the Center's budget.

MICHAEL DUNN CENTER, INC.  
SCHEDULES OF FIXED ASSETS AND  
ACCUMULATED DEPRECIATION  
JUNE 30, 2014 AND 2013

	BALANCE JUNE 30, 2013	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2014
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED:</b>				
Land	\$ 20,000	\$ 0	\$ 0	\$ 20,000
<i>Total Capital Assets, Not Being Depreciated</i>	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,000</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>				
Buildings & Improvements	\$ 1,882,806	\$ 27,617	\$ 0	\$ 1,910,423
Equipment, Furniture and Fixtures	582,453	19,170	0	601,623
Vehicles	1,891,208	92,249	0	1,983,457
<i>Total Capital Assets, Being Depreciated</i>	<u>\$ 4,356,467</u>	<u>\$ 139,036</u>	<u>\$ 0</u>	<u>\$ 4,495,503</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Buildings & Improvements	\$ 1,616,368	\$ 59,275	\$ 0	\$ 1,675,643
Equipment, Furniture and Fixtures	530,955	15,870	0	546,825
Vehicles	1,441,197	146,249	0	1,587,446
<i>Total Accumulated Depreciation</i>	<u>\$ 3,588,520</u>	<u>\$ 221,394</u>	<u>\$ 0</u>	<u>\$ 3,809,914</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 787,947</u>	<u>\$ (82,358)</u>	<u>\$ 0</u>	<u>\$ 705,589</u>

	BALANCE JUNE 30, 2012	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2013
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED:</b>				
Land	\$ 20,000	\$ 0	\$ 0	\$ 20,000
<i>Total Capital Assets, Not Being Depreciated</i>	<u>\$ 20,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,000</u>
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>				
Buildings & Improvements	\$ 1,873,419	\$ 9,387	\$ 0	\$ 1,882,806
Equipment, Furniture and Fixtures	575,253	7,200	0	582,453
Vehicles	1,636,476	254,732	0	1,891,208
<i>Total Capital Assets, Being Depreciated</i>	<u>\$ 4,085,148</u>	<u>\$ 271,319</u>	<u>\$ 0</u>	<u>\$ 4,356,467</u>
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Buildings & Improvements	\$ 1,560,336	\$ 56,032	\$ 0	\$ 1,616,368
Equipment, Furniture and Fixtures	496,189	34,766	0	530,955
Vehicles	1,285,340	155,857	0	1,441,197
<i>Total Accumulated Depreciation</i>	<u>\$ 3,341,865</u>	<u>\$ 246,655</u>	<u>\$ 0</u>	<u>\$ 3,588,520</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 763,283</u>	<u>\$ 24,664</u>	<u>\$ 0</u>	<u>\$ 787,947</u>

See independent auditor's report.



MICHAEL DUNN CENTER, INC.  
SCHEDULE OF INSURANCE COVERAGE  
JUNE 30, 2014

COVERAGE	EXPIRATION	AMOUNT	DEDUCTIBLE	OCCURRENCE
<b>Property and Machinery</b>	7/1/2014	\$	\$ 500/1000	
Business Income				
Business Property		7,840,000	1,000	
Personal Property		718,836		
Property Each Location				
Inland Marine - Tools and Equipment		111,420	500	
<b>Crime</b>	7/1/2014			
Blanket		250,000	500	
Forgery or Alteration		200,000	500	
<b>Auto</b>	7/1/2014	1,000,000		
Medical		5,000	500	
Uninsured Motorist		1,000,000		
<b>Liability</b>				
General Liability	7/1/2014	3,000,000/1,000,000	500	\$ 1,000,000
Residential		3,000,000/1,000,000		
Medical - Per Person		5,000		
Fire Damage		100,000		
Employee Benefits E & O		1,000,000/3,000,000		1,000,000
Professional Liability Commercial		10,000,000/10,000,000/		
(Excess Liability Umbrella)	7/1/2014	1,000,000	10,000	10,000,000
Key Employee		50,000		
D & O		10,000,000	10,000	2,000,000
<b>Workman's Compensation</b>	7/1/2014			
Bodily Injury-Accident		500,000		500,000
Bodily Injury-Disease		500,000		
Policy Limit		500,000		

See independent auditor's report.

MICHAEL DUNN CENTER, INC.  
BOARD OF DIRECTORS  
JUNE 30, 2014

NAME	POSITION
Gail Christian	Chairperson
John Smith	Vice Chairperson
Debbie Alexander-Davis	Board Member
Ron Blanchard	Board Member
Ted Bowers	Board Member
Richard Evans	Board Member
Bill Lueking	Board Member
Debbie Norris	Board Member
Jim Pinkerton	Board Member
Lana Seivers	Board Member
Sharon Templeton	Board Member
Wayne Tipps	Board Member
Judith Tyl	Board Member
Harriet Westmoreland	Board Member
Chris Whaley	Board Member
Mike McElhinney	Executive Director

MICHAEL DUNN CENTER, INC.  
COMPLIANCE AND INTERNAL CONTROL  
SECTION

JUNE 30, 2014 AND 2013

CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage  
Marie I. Niekerk  
Josh Stone  
Earl O. Wright - 1988 - 2002

Stephen J. Parsons - Retired  
Catherine R. Hulme  
Rebecca Hutsell  
William R. Scandlyn - 1988 - 1999

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Michael Dunn Center, Inc.  
Kingston, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Michael Dunn Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Michael Dunn Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Michael Dunn Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Michael Dunn Center, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Michael Dunn Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

1000 Brentwood Way  
Kingston, Tennessee 37763  
Telephone (865) 376-5865  
Fax (865) 376-5980

[www.parsonandwrightcpas.com](http://www.parsonandwrightcpas.com)

236 Miller Ave., Suite 202  
Crossville, Tennessee 38555  
Telephone (931) 202-1220  
Fax (888) 430-9848

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "Parsons & Wright", is written over a horizontal line.

Parsons & Wright  
Certified Public Accountants  
Kingston, Tennessee

November 21, 2014

MICHAEL DUNN FOUNDATION, INC.

FINANCIAL STATEMENTS  
WITH  
SUPPLEMENTAL FINANCIAL  
INFORMATION

JUNE 30, 2014 AND 2013

**MICHAEL DUNN FOUNDATION, INC.**

**TABLE OF CONTENTS**

**JUNE 30, 2014 AND 2013**

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CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage  
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Josh Stone  
Earl O. Wright - 1988 - 2002

Stephen J. Parsons - Retired  
Catherine R. Hulme  
Rebecca Hutsell  
William R. Scandlyn - 1988 - 1999

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Michael Dunn Foundation, Inc.  
Kingston, Tennessee 37763

We have audited the accompanying financial statements of Michael Dunn Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

The June 30, 2013 financial statements of the Michael Dunn Foundation Inc. were reviewed by us and our report thereon dated November 18, 2013, stated we were not aware of any material modifications that should have been made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

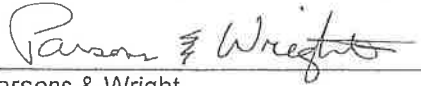
**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michael Dunn Foundation, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules listed in the table of contents as Supplemental Financial Information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
\_\_\_\_\_  
Parsons & Wright  
Certified Public Accountants  
Kingston, Tennessee

September 25, 2014

**MICHAEL DUNN FOUNDATION, INC.**  
**FINANCIAL STATEMENT INFORMATION**  
**JUNE 30, 2014 AND 2013**

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

ASSETS

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CURRENT ASSETS</b>		
Cash	\$ 832,166	\$ 567,246
Certificate of Deposit	192,093	257,893
Accounts Receivable	<u>150</u>	<u>8,450</u>
<i>Total Current Assets</i>	<u>\$ 1,024,409</u>	<u>\$ 833,589</u>
<b>RESTRICTED ASSETS</b>		
Permanently Restricted Cash - Steed Estate*	<u>\$ 303,243</u>	<u>\$ 303,243</u>
<i>Total Restricted Assets</i>	<u>\$ 303,243</u>	<u>\$ 303,243</u>
<b>OTHER ASSETS</b>		
Investments	\$ 1,743,313	\$ 1,637,332
Utility Deposits	<u>500</u>	<u>500</u>
<i>Total Other Assets</i>	<u>\$ 1,743,813</u>	<u>\$ 1,637,832</u>
<b>FIXED ASSETS</b>		
Land	\$ 336,912	\$ 336,912
Building	2,021,588	1,821,588
Equipment	862	862
Improvements	212,608	174,207
Less Restricted Fixed Assets	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$ 2,571,970</u>	<u>\$ 2,333,569</u>
Less Accumulated Depreciation	<u>(455,256)</u>	<u>(369,333)</u>
<i>Net Fixed Assets</i>	<u>\$ 2,116,714</u>	<u>\$ 1,964,236</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,188,179</u>	<u>\$ 4,738,900</u>

\* This represents the original contribution. The balance of the account has been included in Investments.

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

LIABILITIES AND NET ASSETS

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 159,760	\$ 32,206
<i>Total Current Liabilities</i>	<u>\$ 159,760</u>	<u>\$ 32,206</u>
<b>OTHER LIABILITIES</b>		
Liability to beneficiaries of split-interest agreements	\$ 26,175	\$ 33,560
<i>Total Other Liabilities</i>	<u>\$ 26,175</u>	<u>\$ 33,560</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 185,935</u>	<u>\$ 65,766</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 4,648,860	\$ 4,318,750
Temporarily Restricted	50,141	51,141
Permanently Restricted	<u>303,243</u>	<u>303,243</u>
<i>Total Unrestricted and Restricted Net Assets</i>	<u>\$ 5,002,244</u>	<u>\$ 4,673,134</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 5,002,244</u>	<u>\$ 4,673,134</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 5,188,179</u></u>	<u><u>\$ 4,738,900</u></u>

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Interest Income	\$ 409	\$ 1,075
Donations-Individuals	70,339	67,602
Donations-Businesses	208,505	20,235
Grant Income	50,000	0
Fund Raising	33,650	37,862
Rental Income	114,681	99,600
Gain on Sale of Property	0	(44,029)
Investment Return	105,981	16,888
<b>Total Revenues and Gains</b>	<b>\$ 583,565</b>	<b>\$ 199,233</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Restrictions Satisfied by Payments	\$ 0	\$ 0
<b>Total Unrestricted Revenues, Gains and Other Support</b>	<b>\$ 583,565</b>	<b>\$ 199,233</b>
<b>EXPENSES</b>		
Cost of Fund Raising	\$ 7,994	\$ 10,587
Depreciation Expense	85,923	69,443
Rental Expense	12,937	15,963
Legal and Professional	4,255	3,425
Donation to the Michael Dunn Center	142,992	0
Miscellaneous Expense	354	3,703
<b>Total Expenses</b>	<b>\$ 254,455</b>	<b>\$ 103,121</b>
<b>Increase/(Decrease) in Unrestricted Net Assets</b>	<b>\$ 329,110</b>	<b>\$ 96,112</b>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Donations - Individual	\$ 0	\$ 1,000
Restrictions Satisfied by Payments	0	0
<b>Increase/(Decrease) in Temporarily Restricted Net Assets</b>	<b>\$ 0</b>	<b>\$ 1,000</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ 329,110</b>	<b>\$ 97,112</b>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF CHANGES IN NET ASSETS  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>UNRESTRICTED NET ASSETS</b>		
Total Unrestricted Revenues and Gains	\$ 583,565	\$ 243,262
Total Net Assets Released from Restrictions		0
Total Expenses	<u>(254,455)</u>	<u>(147,150)</u>
<i>Increase/(Decrease) in Unrestricted Net Assets</i>	<u>\$ 329,110</u>	<u>\$ 96,112</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	\$ 0	\$ 1,000
Net Assets Released from Restrictions	<u>0</u>	<u>0</u>
<i>Increase/(Decrease) in Temporarily Restricted Net Assets</i>	<u>\$ 0</u>	<u>\$ 1,000</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	\$ 329,110	\$ 97,112
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>4,673,134</u>	<u>4,576,022</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 5,002,244</u></u>	<u><u>\$ 4,673,134</u></u>

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 329,110	\$ 97,112
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	85,923	69,443
Non-Cash Donation	(200,000)	0
(Gain)/Loss on Sale of Property	0	44,029
(Gain)/Loss on Investments	0	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Payable	127,554	0
(Increase) Decrease in Accounts Receivable	8,300	(50)
(Increase) Decrease in Prepaid Insurance	0	2,750
Increase (Decrease) in Earnest Deposit	0	32,206
Increase (Decrease) in Liability to Beneficiaries of Split-interest Agreements	(7,385)	(7,386)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 343,502</u>	<u>\$ 238,104</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short-term Investments, Net	\$ 0	\$ 13,771
(Increase)/Decrease in Investments	(105,981)	(16,888)
Payments for Purchase of Fixed Assets	(38,401)	(312,736)
Proceeds from Sale of Fixed Assets	0	0
<i>Net Cash Provided by (Used for) Investing Activities</i>	<u>\$ (144,382)</u>	<u>\$ (315,853)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 199,120</u>	<u>\$ (77,749)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>825,139</u>	<u>902,888</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,024,259</u>	<u>\$ 825,139</u>
<i>Reconciliation of Cash Accounts</i>		
Cash	\$ 832,166	\$ 567,246
Certificate of Deposit	192,093	257,893
Permanently Restricted Cash	0	0
	<u>\$ 1,024,259</u>	<u>\$ 825,139</u>

The accompanying notes are an integral part of these financial statements.

**MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE A - THE REPORTING ENTITY**

This financial statement is intended to reflect the assets, liabilities and results of operations of Michael Dunn Foundation, Inc. (the Foundation) only. It is a separate corporation from Michael Dunn Center, Inc.

The Foundation was chartered April 7, 1984, as a nonprofit corporation to assist in providing funds for the enhancement of the developmentally disabled. The Foundation is governed by a board of directors.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

*1. Basis of Accounting*

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Foundation uses the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

*2. Buildings and Equipment*

Buildings and equipment are capitalized at cost. Depreciation has been calculated using the straight-line method with the following lives:

Buildings / Residential Houses .....	30 years
Furniture and Equipment .....	10 years

Additions, improvements, renewals, and expenditures for maintenance that add significantly to productive capacity or extend the life of the asset are capitalized. Any interest cost incurred in the construction of fixed assets is capitalized. Assets are recorded at cost or fair market value if contributed. The cost of maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and related depreciation are removed from the accounts and a gain or loss, if any, is reflected in the earnings for the period. An asset will only be capitalized when it has a cost of greater than \$5,000 and an estimated useful life of three years or greater.

*3. Cash In Bank*

The carrying value of cash in bank total of \$1,024,259 and \$825,139 as of June 30, 2014 and 2013, respectively, consists of:

ACCOUNT DESCRIPTION	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
Demand Deposit Accounts	\$ 832,139	\$ 567,219
Certificate of Deposit	192,093	257,893
Savings	27	27
<b>TOTAL CASH IN BANK</b>	<b>\$ 1,024,259</b>	<b>\$ 825,139</b>



MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - Continued**

**3. *Cash In Bank - Continued***

All accounts are listed in the name of Michael Dunn Foundation, Inc. as of June 30, 2014 and 2013, the bank balance of \$1,024,259 and \$825,139 was on deposit with three different financial institutions of which \$500,027 and \$498,526 was covered by FDIC and \$524,232 and \$326,613 was covered through the Tennessee Collateral Pool, respectively.

**4. *Investments***

Investments consist of securities traded on national stock exchanges. Investments are reported at fair market value in accordance with FASB ASC 958-320 (formerly SFAS No. 124, Accounting for Certain Investments Held by Not-for-profit Organizations). Investments in equity securities with readily determinable values are measured at fair value based on quoted market prices in active markets (all Level 1 inputs) in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included as a component of unrestricted activity unless the income or loss is restricted by the donor. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported in the carrying amounts, which reasonably estimate fair value.

**5. *Income Tax Status***

The Foundation has qualified as a publicly supported organization exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

**6. *Cash Flow Statement***

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments (including restricted cash) with a maturity of three months or less when purchased to be cash equivalents. There was no interest or tax paid for the years ending June 30, 2014 and June 30, 2013.

**7. *Donated Materials and Services***

Donated materials or equipment, when received are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. The entity does not recognize any revenue or expense from services provided by volunteers.

**8. *Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**9. *Reclassification***

Certain items shown in the previously issued financial statements have been reclassified into different categories in these financial statements to better present the Foundation's information.

**10. *Assets Held Under Split-Interest Agreements***

The Foundation received contributions in which the donor may retain a life interest. The assets are invested and administered by the Foundation and distributions are made to the beneficiaries under the terms of the agreement. These funds are generally invested in mutual funds, stocks, or government securities, and the

**MICHAEL DUNN FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - Continued**

*10. Assets Held Under Split-Interest Agreements - Continued*

Foundation records its interest at fair value. Initial recognition and subsequent adjustments to the assets' carrying values are reported as a change in value of split-interest agreements in the accompanying financial statements.

Obligations under split-interest agreements, including charitable remainder trusts, are recorded when incurred at the present value of the anticipated distributions to be made to the donor-designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specific period. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Obligations under split-interest agreements may be revalued annually at June 30 to reflect actuarial experience; the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest agreements.

**NOTE C - INVESTMENTS**

Concentrations of credit risk with respect to investments is due to the fact that the Foundation's investments are uninsured and are subject to market fluctuations. Investment securities are exposed to various risks, such as interest rate and market & credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the accompanying financial statements. However, most of the investments are invested with a long-term strategy, and overall gains are anticipated over the long-term.

The investment funds are presented at fair value based on quoted market prices (all Level 1 measurements) and consist of the following:

Investment funds are made up on the following:

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>INVESTMENT FUNDS</b>		
Money Market	\$ 285,750	\$ 345,073
Government Securities	745,901	1,131,928
Mutual Funds	271,430	203,579
Corporate Bonds	351,554	137,370
Stocks	391,921	122,625
<b>TOTAL INVESTMENT FUNDS</b>	<u>\$ 2,046,556</u>	<u>\$ 1,940,575</u>
<b>INVESTMENTS RECONCILIATION</b>		
Permanently Restricted Assets	\$ 303,243	\$ 303,243
Investments	<u>1,743,313</u>	<u>1,637,332</u>
<b>TOTAL INVESTMENTS</b>	<u>\$ 2,046,556</u>	<u>\$ 1,940,575</u>

**MICHAEL DUNN FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

**NOTE C – INVESTMENTS – Continued**

Investment returns are made up of the following:

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>INVESTMENT RETURNS</b>		
Gain (Loss) on Sale of Investments	\$ 17,253	\$ 14,329
Unrealized Gain (Loss) Investments	36,659	(57,587)
Dividends	58,207	67,443
Investment Expense	(6,138)	(7,297)
<b>TOTAL INVESTMENT GAIN/(LOSS)</b>	<b>\$ 105,981</b>	<b>\$ 16,888</b>

**NOTE D - RESTRICTED ASSETS**

Permanently restricted net assets are donations that are restricted in terms of the principal. Temporarily restricted net assets are available for split-interest agreements.

**NOTE E - INSURANCE**

It is the policy of the organization to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE F - NET ASSETS**

Net assets represent the difference between a nonprofit organization's assets and liabilities. In accordance with FASB ASC 958-205 (formerly known as SFAS No. 117) net assets are classified into one of the following three categories depending on the absence or presence and nature of donor-imposed restrictions.

CATAGORIES OF ASSETS	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
a. Unrestricted Net Assets, which are not restricted by donors or by law.	\$ 4,648,860	\$ 4,318,750
b. Temporarily Restricted Net Assets, whose use has been limited by donor-imposed time restrictions or purpose restrictions.	50,141	51,141
c. Permanently Restricted Net Assets, which have been restricted by donor or by law to be maintained by the organization in perpetuity.	303,243	303,243
<b>TOTAL</b>	<b>\$ 5,002,244</b>	<b>\$ 4,673,134</b>

**NOTE G – FAIR VALUE FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value due to the short maturity of those instruments.

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE G – FAIR VALUE FINANCIAL INSTRUMENTS- Continued**

Accounts payable – The carrying amount reported in the statement of financial position approximates fair value using applicable mortality tables.

Investments – The fair value of investments in marketable equity and debt securities is based on quoted market prices for identical assets. The valuations of the Foundation's investments according to the fair value hierarchy are all Level 1 inputs.

**NOTE H – RELATED PARTY TRANSACTION**

The Foundation provides funds for the enhancement of the developmentally disabled for Michael Dunn Center. The foundation provides residential housing leases which are cancelable with a term of one year. Land, buildings and equipment under operating leases was \$2,571,970 and \$2,333,569 at June 30, 2014 and 2013, respectively. Accumulated depreciation on assets under operating leases was \$455,256 and \$369,333 at June 30, 2014 and 2013, respectively. The residential houses are leased by a related party, the Michael Dunn Center. As of June 30, 2014 the annual rent payments are \$117,600.

The Foundation received a donation of land valued at \$200,000 in August 2013 from the Industrial Development Board of Roane County. The Michael Dunn Center is located on this land.

**NOTE I – SPLIT-INTEREST AGREEMENT**

The Foundation administers a charitable remainder trust. The charitable remainder trust provides for the payment of distributions to the grantors over the beneficiary's lifetime an amount equal to 7.5% of the initial net fair market value of all the property transferred to the trust. At the end of the beneficiary's lifetime, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits received by the Foundation is recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust is established. Such contributions totaled \$0 at June 30, 2014 and 2013. Assets held in the charitable remainder trusts totaled \$119,538 and \$111,224 at June 30, 2014 and 2013 and are reported at fair market value in the Foundation's Statement of Financial Position. On an annual basis, the Foundation may revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$26,175 at June 30, 2014 and \$33,560 at June 30, 2013) is calculated using the discount rate and actuarial assumptions provided in the Internal Revenue Service guidelines and actuarial tables.

**NOTE J – FAIR VALUE MEASUREMENTS**

The Foundation has adopted FASB-ASC-820 (formerly SFAS No. 157), *Fair Value Measurements*. FASB-ASC-820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable. Level 2 inputs are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Beneficial interest in irrevocable trusts is valued at the fair value of the trust investments, determined by the closing price reported on the active or observable market on which the individual securities that are held in the trust are traded.

**MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE K – SUBSEQUENT EVENTS**

The Foundation's management has evaluated events and transactions through September 25, 2014, the date the financial statements are available to be issued for items that should potentially be recognized or disclosed.

MICHAEL DUNN FOUNDATION, INC.

SUPPLEMENTAL INFORMATION

JUNE 30, 2014

MICHAEL DUNN FOUNDATION, INC.  
SCHEDULE OF FIXED ASSETS AND ACCUMULATED DEPRECIATION  
JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2014
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED:</b>				
Land	\$ 336,912	\$	\$	\$ 336,912
<i>Total Capital Assets, Not Being Depreciated</i>	\$ 336,912	\$ 0	\$ 0	\$ 336,912
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>				
Building	\$ 1,821,588	\$ 200,000	\$	\$ 2,021,588
Improvements	174,207	38,401		212,608
Equipment	862	0	0	862
<i>Total Assets, Being Depreciated</i>	\$ 1,996,657	\$ 238,401	\$ 0	\$ 2,235,058
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Building and Improvements	\$ 368,471	\$ 85,923	\$	\$ 454,394
Equipment	862	0	0	862
<i>Total Accumulated Depreciation</i>	\$ 369,333	\$ 85,923	\$ 0	\$ 455,256
<b>LESS RESTRICTED FIXED ASSETS:</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>CAPITAL ASSETS, NET</b>	<u>\$ 1,964,236</u>	<u>\$ 152,478</u>	<u>\$ 0</u>	<u>\$ 2,116,714</u>

MICHAEL DUNN FOUNDATION, INC.  
SCHEDULE OF BOARD OF DIRECTORS  
JUNE 30, 2014

NAME	POSITION
Chris Whaley .....	Chairman
Ron Blanchard .....	Board Member
Debbie Alexander-Davis .....	Board Member
Ted Bowers .....	Board Member
Gail Christian .....	Board Member
Richard Evans .....	Board Member
Bill Lueking .....	Board Member
Debbie Norris .....	Board Member
Jim Pinkerton .....	Board Member
Lana Seivers .....	Board Member
John Smith .....	Board Member
Sharon Templeton .....	Board Member
Wayne Tipps .....	Board Member
Judith Tyl .....	Board Member
Harriett Westmoreland .....	Board Member
Mike McElhinney .....	President & C.E.O



## Contribution to the Orderly Development of Healthcare 7;C

STATE OF TENNESSEE  
DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES



## LICENSE

THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES GRANTS THIS FULL LICENSE IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 33, CHAPTER 2, PART 4 TO:

MICHAEL DUNN CENTER

(Name of Licensee)

TO OPERATE A FACILITY OR SERVICE IDENTIFIED AND LOCATED AS FOLLOWS FOR THE PROVISION OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES OR PERSONAL SUPPORT SERVICES:

LaCroix Home

(Name of Facility or Service as Known to the Public)

313 Michael Dunn Drive, Rockwood, TN 37854

(Street Address or Location, City or Town)

THE LICENSEE HAS DEMONSTRATED COMPLIANCE WITH T.C.A. TITLE 33, CHAPTER 2, PART 4 AND WITH RULES OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES.

THIS LICENSE AUTHORIZES LIFE SAFETY OCCUPANCY CLASSIFICATIONS AND THE FOLLOWING DISTINCT CATEGORY OF FACILITY OR SERVICES TO BE PROVIDED:

Distinct Category	Accessible to mobile, non-ambulatory individuals	Approved for persons with:			Occupancy Classification
		Hearing Loss	Vision Impairment	Capacity	
Mental Retardation Residential Habilitation	Y	N	N	10	Health Care

May 01, 2015

Date License Granted

April 30, 2016

Date License Expires

L000000013791

License Number

*Dalea K. Gayne*

Commissioner of Department Of Intellectual & Developmental Disabilities

13791

THIS LICENSE IS NON-TRANSFERABLE AND NON-ASSIGNABLE.  
POST THIS LICENSE IN A CONSPICUOUS PLACE.

# Board for Licensing Health Care Facilities

601

State of Tennessee



License No. PSS00000000058

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

MICHAEL DUNN CENTER

*to conduct and maintain a*

*Professional Support Services Facility* MICHAEL DUNN CENTER

*Located at* 629 GALLAHER ROAD, KINGSTON

*County of* ROANE *, Tennessee.*

*This license shall expire* DECEMBER 05

*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,*

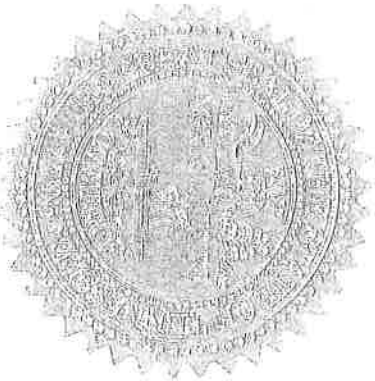
*and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the*

*laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this 5TH day of DECEMBER, 2014.*

*In the Distinct Category (ies) of:*

SKILLED NURSING  
PHYSICAL THERAPY  
OCCUPATIONAL THERAPY  
SPEECH THERAPY



*By*  J. J. Davis, M.D.

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By*  J. J. Davis, M.D.

STATE OF TENNESSEE  
DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES



LICENSE

THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES GRANTS THIS FULL  
LICENSE IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 33, CHAPTER 2, PART 4 TO:

MICHAEL DUNN CENTER

(Name of Licensee)

TO OPERATE A FACILITY OR SERVICE IDENTIFIED AND LOCATED AS FOLLOWS FOR THE  
PROVISION OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES OR  
PERSONAL SUPPORT SERVICES:

Julie Calliouette Home

(Name of Facility or Service as Known to the Public)

106 Village Trace, Kingston, TN 37763

(Street Address or Location, City or Town)

THE LICENSEE HAS DEMONSTRATED COMPLIANCE WITH T.C.A. TITLE 33, CHAPTER 2, PART 4 AND  
WITH RULES OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES.

THIS LICENSE AUTHORIZES LIFE SAFETY OCCUPANCY CLASSIFICATIONS AND THE FOLLOWING  
DISTINCT CATEGORY OF FACILITY OR SERVICES TO BE PROVIDED:

Distinct Category	Accessible to mobile, non-ambulatory individuals	Approved for persons with;			Capacity	Occupancy Classification
		Hearing Loss	Vision Impairment			
Mental Retardation Institutional Habilitation	Y	Y	Y		4	Health Care

May 01, 2015

Date License Granted

April 30, 2016

Date License Expires

L000000013790

License Number

*Julie K. Payne*

Commissioner of Department Of Intellectual & Developmental Disabilities

13790

THIS LICENSE IS NON-TRANSFERABLE AND NON-ASSIGNABLE.  
POST THIS LICENSE IN A CONSPICUOUS PLACE.

STATE OF TENNESSEE  
DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES



LICENSE

THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES GRANTS THIS FULL  
LICENSE IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 33, CHAPTER 2, PART 4 TO:

MICHAEL DUNN CENTER

(Name of Licensee)

TO OPERATE A FACILITY OR SERVICE IDENTIFIED AND LOCATED AS FOLLOWS FOR THE  
PROVISION OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES OR  
PERSONAL SUPPORT SERVICES:

Leda Herron Home

(Name of Facility or Service as Known to the Public)

104 Village Trace, Kingston, TN 37763

(Street Address or Location, City or Town)

THE LICENSEE HAS DEMONSTRATED COMPLIANCE WITH T.C.A. TITLE 33, CHAPTER 2, PART 4 AND  
WITH RULES OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES.

THIS LICENSE AUTHORIZES LIFE SAFETY OCCUPANCY CLASSIFICATIONS AND THE FOLLOWING  
DISTINCT CATEGORY OF FACILITY OR SERVICES TO BE PROVIDED:

Distinct Category	Accessible to mobile, non-ambulatory individuals	Approved for persons with:			Occupancy Classification
		Hearing Loss	Vision Impairment	Capacity	
Mental Retardation Institutional Habilitation	Y	Y	Y	4	Health Care

May 01, 2015

Date License Granted

April 30, 2016

Date License Expires

L000000013792

License Number

Commissioner of Department Of Intellectual & Developmental Disabilities

13792

THIS LICENSE IS NON-TRANSFERABLE AND NON-ASSIGNABLE.  
POST THIS LICENSE IN A CONSPICUOUS PLACE.

Attachment 13

OF HEALTH AND HUMAN SERVICES  
MEDICARE & MEDICAID SERVICESPRINTED: 08/04/2014  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G094	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - MAIN  B. WING _____		(X3) DATE SURVEY COMPLETED  07/30/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE			STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K0046	<p>483.470(j)(1)(i) LIFE SAFETY CODE STANDARD</p> <p>Utilities comply with Section 9.1. 32.2.5.1, 33.2.5.1</p> <p>This STANDARD is not met as evidenced by: Based on observation, record review, and interview, it was determined that the facility failed to have fire dampers serviced and installed in all locations.</p> <p>The findings include:</p> <p>Observation, record review, and interview with the maintenance director on July 30, 2014 at 10:00 a.m. revealed no 4-year fire damper maintenance has been conducted and the clean linen supply closet air supply register is not provided with a fire damper. NFPA 90A 3-4.7</p> <p>These findings were verified by the maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014.</p>	K0046	<p>All dampers will be inspected and serviced during the week of 8-10-14 by Central City Heating and Air. Two new fire damper diffusers were ordered and will be installed by 9-1-14. A copy of the completed work order will be forwarded to the inspector. The MDC Engineering Department will add Damper Maintenance to their electronic tracking calendar for every four years.</p>	9-1-14	
K0051	<p>483.470(j)(1)(i) LIFE SAFETY CODE STANDARD</p> <p>A manual fire alarm system is provided in accordance with Section 9.6, 33.2.3.4.1.</p> <p>Exception No 1: Where there are interconnected smoke detectors meeting the requirements of 33.2.3.4.3 and there is not less than one manual fire alarm box per floor arranged to continuously sound the smoke detector alarms.</p> <p>Exception No. 2: Other manually activated</p>	K0051	<p>Deflector shields will be added to each diffuser that has a smoke detector within three feet of it. This will be a permanent correction.</p>	9-1-14	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G094	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - MAIN  B. WING _____		(X3) DATE SURVEY COMPLETED  07/30/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE			STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K0051	<p>Continued From page 1</p> <p>continuously sounding alarms acceptable to the authority having jurisdiction.</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, it was determined that staff was not provided with keys to activate manual fire alarm pull stations.</p> <p>The findings include:</p> <p>Observation and interview with the house manager on July 30, 2014 at 10:05 a.m. revealed not all staff members are provided with a fire alarm key to activate the manual fire alarm pull stations. The manual fire alarm pull stations are only key operated to activate the fire alarm. NFPA 101 9.6.2.6</p> <p>This finding was verified by maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014.</p>	K0051	<p>Keys have been made and placed on a tab near each pull station. Nurses will do a visual check at the change of each shift to ensure that the key is in place. This will be verified on a shift count sheet that will then be turned into the nursing office coordinator at the end of each month.</p>	9-1-14	

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W 211	<p>483.440(c)(3) INDIVIDUAL PROGRAM PLAN</p> <p>The comprehensive functional assessment must take into consideration the client's age (for example, child, young adult, elderly person) and the implications for active treatment at each stage, as applicable.</p> <p>This STANDARD is not met as evidenced by: Based on record review and interview, the facility failed to ensure the Behavior Support Plan (BSP) contained age appropriate wording and activities for one (#2) of two clients sampled.</p> <p>The findings included:</p> <p>Record review of Client #2's BSP, dated March 7, 2011, revealed "(Client #2) will use chew toys and other non-harmful objects 100% of the time (Client #2) is engaging in self-stimulation behaviors." Further review revealed "(Client #2) should be offered choices of activities to play with/chew on which will not be harmful." Further review revealed "staff should offer (Client #2) an alternative object to place in (Client #2's) mouth, but won't harm (toy keys, chew toy, etc.)."</p> <p>Interview with the Director of Health Services (DHS) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed Client #2's BSP contained non age-appropriate wording. Further interview confirmed the DHS has discussed the problem with the Behavior Analysis agency, but has not been able to get them to change the wording.</p>	W 211	<p>Behavior support plans (BSP's) for all clients who have been discharged from BA services will be incorporated into the Individual Program Plan (IPP) using age appropriate verbiage. All client IPP's and associated plans will be reviewed by the QIDP (Qualified Intellectual Disabilities Professional) and updated with age appropriate terminology and plans.</p> <p>Client #2 has been discharged from BA services. Her BSP will be discussed with the COS (Circle of Support), chosen parts will be incorporated into her IPP and staff training will be completed.</p> <p>All plan documents for all clients in the home will be reviewed annually by the COS at the annual IPP meeting to ensure plans have age appropriate verbiage.</p> <p>All new plans will be reviewed for age appropriateness and amended if needed by the nursing office coordinator.</p> <p>Ongoing management inspections will include a review of the IPP/plans to ensure appropriateness.</p>	9-20-14	
W 247	<p>483.440(c)(6)(vi) INDIVIDUAL PROGRAM PLAN</p> <p>The individual program plan must include</p>	W 247			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*[Signature]* 8.14.14 President/CEO

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W 247	<p>Continued From page 1 opportunities for client choice and self-management.</p> <p>This STANDARD is not met as evidenced by: Based on observation, record review and interview, the facility failed to provide choices for two (#1, #2) of two sampled clients.</p> <p>The findings included:</p> <p>Observation on July 21, 2014, from 3:40 p.m. to 5:25 p.m., at the client's residence revealed Client #1 alternating between walking around the inside the residence or sitting on the couch in the living room. Further observation from 5:29 p.m. to 5:44 p.m., in the dining room, revealed Direct Support Professional #3 (DSP #3) brought a pre-plated meal and pre-poured drink to the table for Client #1. Continued observation revealed Client #1 was not offered any choice in food or drink during the dinner meal. Continue observation revealed Client #1 sitting on the couch in the living room from 5:45 p.m. to 6:06 p.m. Continued observation revealed no choices of activities were offered to Client #1 during this time.</p> <p>Observation on July 21, 2014, from 4:00 p.m. to 4:33 p.m., at the client's residence revealed Client #2 alternating between walking around the inside of the house and sitting in the rocking chair in the living room. Further observation from 4:33 p.m. to 4:50 p.m. revealed DSP #2 followed Client #2 outside to sit at the water table. Continued observation revealed Client #2 splashing in the water. Further observation from 5:00 p.m. to 5:29 p.m. revealed Client #2 sitting in the residence's sensory room flipping through a magazine.</p>	W 247	<p>Each client will be reviewed in the Active Treatment team meeting on 8-20-14 to determine appropriate categories and number of choices for each client in the home. It will be determined if the person can best make choices verbally, by picture book or by another method. Picture books offering choices will be made for those who will communicate best by that method. The COS will be notified of the changes and asked to participate in the creation of the books. The pictures will be changed out periodically to reflect seasonal activities, clothing and food options. The IPP's will be amended. Staff training for each individual will occur. The house manager, two assistant house managers, the staff RN, the QIDP will monitor that choices are offered according to each individuals IPP. If needed, immediate correction additional training and or employee coaching will occur. Methods of determining if the plans to offer clients choices will be evaluated by the QIDP during the monthly review process along with communication with the house managers and direct support staff. Methods that are not effective will be modified and re-evaluated by the same process.</p>	9-20-14	



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W 247	<p>Continued From page 2</p> <p>Further observation from 5:29 p.m. to 5:39 p.m., in the dining room, revealed DSP #2 brought a pre-plated meal and pre-poured drink to the table for Client #2. Continued observation revealed Client #2 was not offered any choice in food or drink during the dinner meal. Further observation on July 21, 2014, from 5:39 p.m. to 6:06 p.m. revealed Client #2 sitting in the residence's sensory room flipping through a magazine. Continued observation revealed no choices of activities offered to Client #2 during this time.</p> <p>Observation on July 22, 2014, from 9:04 a.m. to 11:20 a.m., at the client's residence revealed Client #1 lying on the love seat in the living room sleeping on and off. Continued observation revealed Client #1 sat up to receive medication at 9:09 a.m. and laid back down. Further observation on July 22, 2014, from 9:04 a.m. to 11:20 a.m. revealed no choices of activities being offered to Client #1.</p> <p>Observation on July 22, 2014, from 8:35 a.m. to 9:04 a.m. revealed Client #2 walking around the inside of the residence followed by DSP #1. Further observation from 9:30 a.m. to 11:20 a.m. revealed Client #2 alternating between walking inside the residence or sitting in the sensory room with a magazine flipping through the pages. Further observation on July 22, 2014, from 8:35 a.m. to 11:20 a.m. revealed no choices of activities being offered to Client #2.</p> <p>Record review of Client #1's Individual Program Plan (IPP), dated February 26, 2014, confirmed "pacing/anxious behaviors maybe signs (Client #1) needs a change in environment or work off energy with some active activities such as, walking in the neighborhood, or doing other</p>	W 247	(This page intentionally left blank)		

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W 247	<p>Continued From page 3 activities (Client #1) enjoys."</p> <p>Record review of Client #1's Behavior Support Plan, dated October 18, 2012, revealed "staff should provide adequate time and options to (Client #1) of activities to participate and (Client #1) enjoys. (Only provide (Client #1) a choice between two activities/tangibles as (Client #1) may become anxious if there are too many choices)." Further record review revealed "ask (Client #1) if there is anything (Client #1) wants and/or needs frequently."</p> <p>Interview with the Assistant House Manager #1 (AHM #1) on July 21, 2014, at 4:01 p.m. in the client's living room confirmed Client #1 is a "loner" and Client #2 "chooses" to walk around the house often.</p> <p>Interview with the House Manager (HM) on July 21, 2014, at 4:20 p.m. in the kitchen of the client's home revealed the nutritionist develops the menus, the menus are on a six week rotation. Further interview confirmed Client #1 and Client #2 were not offered any choices during the dinner meal.</p> <p>Interview with DSP #3 on July 21, 2014, at 5:14 p.m. in the client's living room confirmed Client #1 "likes to be on the move" and Client #1 "chooses" to walk around.</p> <p>Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed Client #1 should have been offered a choice of activities.</p> <p>Interview with the Director of Health Services</p>	W 247	(This page intentionally left blank)		

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W 247	Continued From page 4  (DHS) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed if Client #1 "chooses" to take a nap, it's acceptable.  Record review of Client #2's Behavior Support Plan, dated March 7, 2011, revealed "Proactive procedures: Offer choices of activities (Client #2) can play with/chew on which will not be harmful." Continued review revealed "Sensory-stimulation activities: Provide (Client #2) with a wide array of sensory-stimulation activities throughout the day. Conduct preference assessments by letting (Client #2) chose between two items each day."  Interview with DSP #2 on July 21, 2014, at 4:33 p.m. outside on the patio of the client's residence confirmed Client #2 has "free choice" before and after dinner.  Interview with the House Manager (HM) and the Assistant House Manager #1 (AHM #1) on July 22, 2014, at 10:45 a.m. in the office at the residence confirmed clients have "free choice" when they are home. Further interview revealed outings are chosen by staff.  Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the facility's clinic confirmed Client #2 should have been offered a choice of activities.	W 247	(This page intentionally left blank)		
W 249	483.440(d)(1) PROGRAM IMPLEMENTATION  As soon as the interdisciplinary team has formulated a client's individual program plan, each client must receive a continuous active treatment program consisting of needed interventions and services in sufficient number	W 249			

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W 249	<p>Continued From page 5</p> <p>and frequency to support the achievement of the objectives identified in the individual program plan.</p> <p>This STANDARD is not met as evidenced by: Based on observation, record review and interview, the facility failed to provide continuous active treatment for one (#2) of two sampled clients.</p> <p>The findings included:</p> <p>Observation on July 21, 2014, at 5:29 p.m., in the residence's dining room revealed Client #2 sitting at the dining room table for the evening meal. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client's non-slip mat and plate on top of the clothing protector.</p> <p>Observation on July 22, 2014, at 8:09 a.m. in the residence's dining room revealed Client #2 sitting at the dining room table for breakfast. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client's non-slip mat under the protector and the client's plate on top of the clothing protector.</p> <p>Record review of Client #2's dining plan, dated November 17, 2013, revealed an adaptive equipment list included the use of a non-slip mat.</p> <p>Interview with Direct Support Staff #1 (DSP #1) on July 22, 2014, at 8:35 a.m. in the residence's Sensory Room confirmed it was "typical" to put</p>	W 249	<p>Clothing protectors will not be placed on the table, under the plate, or otherwise, for any clients, including client #2. This has been specifically addressed to all employees in a house meeting by the QIDP on 8-12-14. The house manager, two assistant house managers, the staff RN and the QIDP will monitor employees' performance for the correct use of modalities, program plans, and adaptive equipment. Since the survey, the QIDP has been promoted to an assistant director position and will have the authority to provide immediate training or employee correction if needed.</p> <p>Four employee interviews will be conducted per month at the home on random plans to ensure employees know the plans they are implementing. Interviews will be conducted by supervisor level employees and above. Employee training will be conducted if determined necessary during the interviews. Follow up supervision will then take place.</p> <p>Four direct observations of employees implementing plans will be completed each month by supervisory (or above) employees. The plans will be chosen randomly and any concerns will be corrected immediately with further training to follow if determined necessary. (Continued on page 7)</p>	9-20-14	

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W 249	Continued From page 6 the clothing protector on the table.  Interview with the Director of Health Services (DHS) on July 23, 2014, at 9:30 a.m. outside of the DHS's office confirmed the purpose of the non-slip mat was to prevent the client's plate from sliding. Further interview confirmed using the non-slip mat under or on top of the clothing protector placed on the table would not prevent the plate from sliding. Further interview confirmed staff had been trained not to put the protectors on the table under the client's plates.  Observation on July 21, 2014, at 5:26 p.m., in residence's sensory room revealed Client #2 sitting in a recliner flipping through a magazine in Client #2's lap. Further observation at 5:29 p.m. revealed dinner being placed on the dining room table and clients were encouraged to go to the dining room to eat. Further observation revealed Client #2 walking from the sensory room to the dining room without washing hands.  Record review of Client #2's Individual Support Plan (ISP), dated November 17, 2013, revealed a personal outcome of "(Client #2) participates in hygiene activities to be as independent as possible. (Client #2) pushes the soap dispenser while washing hands daily before breakfast, lunch, and dinner."	W 249	The QIDP will review the interviews and observations documented on the Management Inspection Checklist (attached) and develop further training if determined necessary. All clients will be encouraged and assisted with washing their hands before every meal. Hand sanitizing wipes will be offered when clients refuse to wash their hands or are eating at a location without a sink (ie: picnic). Clients who chose not to wash their hands will continue to be encouraged at every meal.		
W 263	483.440(f)(3)(ii) PROGRAM MONITORING &	W 263			

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W 263	<p>Continued From page 7 CHANGE</p> <p>The committee should insure that these programs are conducted only with the written informed consent of the client, parents (if the client is a minor) or legal guardian.</p> <p>This STANDARD is not met as evidenced by: Based on record review and interview, the facility's Human Rights Committee (HRC) failed to ensure programs with rights restrictions are conducted only with written informed consent of the client, parents or legal guardian, for one (#2) of two clients sampled.</p> <p>The findings included:</p> <p>Record review of Client #2's HRC Meeting Minutes, dated October 22, 2013, revealed Client #2's conservator was not in attendance. Further review of the HRC Meeting Minutes revealed verbal consent was given for "the use of an adult stroller with a seatbelt for long distances in the community, door chimes, medications and hazardous materials are locked, storage room and kitchen locked and the use of a video and audio monitor in (Client #2's) room."</p> <p>Review of Client #2's Consent for Restrictive Intervention form revealed an undated signature from conservator.</p> <p>Interview with the Director of Quality Assurance, July 23, 2014, at 12:15 p.m., in the main office clinic, via phone, confirmed the facility's HRC allows verbal consent from the conservator when conservator is unable to attend the meeting. Further interview confirmed the written consent</p>	W 263	<p>All Clients, including client #2 will have their restrictions reviewed before the HRC panel in September, 2014. The consent forms will be reviewed one week prior to the HRC meeting to ensure completeness. Items that do not have conservator consent will not be reviewed. If there are restrictions that do not have consent due to the conservator not replying at all to the request, a certified letter will be mailed requesting either signed consent or a meeting to explore other options for the client. New restrictions will not be implemented until both conservator consent and HRC approval have been obtained. For ongoing restrictions (such as door chimes), the consent will be discussed and obtained in each annual ISP meeting. New restrictions throughout the year will not be implemented without written consent and HRC approval unless the person is in imminent danger without it. An emergency COS will then be held to evaluate the situation and obtain consent. The HRC Coordinator will not present any restriction to the panel without written consent. The active treatment committee will evaluate all restrictions for all clients quarterly to ensure no new restrictions have been implemented without conservator consent and committee approval, and to look at the possible reduction of restrictions for each person. The QIDP will supervise this process as well as the tracking of all restrictions via Excel.</p>		9-20-14

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  44G094	(X2) MULTIPLE CONSTRUCTION A, BUILDING _____  B, WING _____		(X3) DATE SURVEY COMPLETED  07/23/2014
NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER JULIA CAILLIOUETTE			STREET ADDRESS, CITY, STATE, ZIP CODE 106 VILLAGE TRACE KINGSTON, TN 37763		
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W 263	Continued From page 8	W 263			
W 267	<p>was obtained after the restrictions were in place.</p> <p>483.450(a)(1) CONDUCT TOWARD CLIENT</p> <p>The facility must develop and implement written policies and procedures for the management of conduct between staff and clients.</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to provide dignity while eating for one (#2) of two clients observed during meal times.</p> <p>The findings included:</p> <p>Observation on July 21, 2014, at 5:29 p.m., in the home's dining room revealed Client #2 sitting at the dining room table for the evening meal. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client's non-slip mat and plate on top of the clothing protector.</p> <p>Observation on July 22, 2014, at 8:09 a.m. in the homes dining room revealed Client #2 sitting at the dining room table for breakfast. Continued observation revealed Client #2 had a clothing protector applied; the tail of the clothing protector was placed on the table with the client ' s non-slip mat under the protector and the client's plate on top of the clothing protector.</p> <p>Interview with Direct Support Staff (DSP) #1 on July 22, 2014 at 8:35 a.m. in the homes Sensory Room confirmed it was "typical" to put the protector on the table.</p>	W 267	<p>Employee training will be completed on the MDC (Michael Dunn Center) Mission, Vision, and Values Statement, Expectations of Employment, and the Right of Individuals Supported Policy (see attached) on 9-9-14. All three items will be discussed with each new employee. A training that includes specific examples of how to treat a person with dignity will be conducted on 9-9-14 in a house meeting and then covered in new employee training for all new employees. The MDC employee evaluation process is being amended to reflect the employees' awareness and implementation of rights, dignity and person centered practices.</p> <p>The house manager, assistant house managers, the staff RN, the QIDP as well as the MDC management team will observe staff interactions with the clients and correct and concerning behavior immediately. Management inspections occur at one per year per person in the home. Employees were trained on 8-5-14 via email to make initial changes regarding the correct use of the clothing protectors, and appropriate age related conversations etc.</p> <p>This was addressed by the QIDP in a house meeting on 8-12-14, and will be addressed more thoroughly at the 9-9-14 house meeting.</p>	9-20-14	

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W 267	Continued From page 9 Interview with the Director of Health Services (DHS) on July 23, 2014, at 9:30 a.m. outside of the DHS's office confirmed the staff has been trained not to put the protectors on the table under the Client's plates. Further interview confirmed the placing of the client's plates on the clothing protectors on the table failed to provide the client with dignity.	W 267			
W 441	483.470(i)(1) EVACUATION DRILLS  The facility must hold evacuation drills under varied conditions.  This STANDARD is not met as evidenced by: Based on review of the Residential Fire Drill Reports and interview, the facility failed to ensure drills were held under varied conditions.  The findings included:  Review of the Residential Fire Drill Reports from September 2013 through June 2014, revealed the form did not provide a place to record the location of the emergency. Further review revealed the form did not document which exit the clients utilized during the emergency drill.  Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the clinic, confirmed the Residential Fire Drill Report form did not contain an area for the location of the emergency or the emergency exit to be recorded. Further interview confirmed it	W 441	Fire drill forms will be distributed to the homes at the beginning of each month by the nursing office coordinator with the alternating fire locations, client locations and weather conditions already written in for the employees to follow. Staff training on how to utilize the new version of the evacuation drill form will be completed in the 9-9-14 house meeting. The nursing office coordinator will review the fire drill forms once completed to ensure both varied conditions were followed and that evacuation was achieved timely. If barriers are noted she will immediately notify the house manager and QIDP for additional employee training. At any time barriers are noted and additional training or other intervention is needed, the QIDP will notify the Director of Health Services.	9-20-14	



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W 441	Continued From page 10 would not be possible to identify where the emergency was located and how the individuals exited the home. Further interview confirmed the QIDP only reviews the length of time the evacuation took and to confirm there was a drill one shift per month.	W 441	All clients will be encouraged and assisted with washing their hands prior to every meal, and after every visit to the bathroom. Hand sanitizing wipes may be used for community participation times when a sink is not available or if a client refuses to wash their hands.	9-20-14	
W 454	483.470(I)(1) INFECTION CONTROL  The facility must provide a sanitary environment to avoid sources and transmission of infections.  This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to keep sanitary conditions for one (#2) of two clients sampled and one (#3) of two clients un-sampled.  The findings included:  Observation on July 21, 2014, at 5:26 p.m., in the residence sensory room revealed Client #2 sitting in a recliner flipping through a magazine in Client #2's lap. Further observation at 5:29 p.m. revealed dinner being placed on the dining room table and clients were encouraged to go to the dining room to eat. Further observation revealed Client #2 walking from the sensory room to the dining room without washing hands.  Observation on July 21, 2014, at 5:25 p.m., in the living room of the client's home revealed Client #3 sitting on the couch. Further observation, at 5:26 p.m. revealed Client #3 walking into the dining to move a chair up to the bar to watch dinner being made. Further observation at 5:29 p.m. revealed	W 454	All employees will receive further training on washing their own hands at appropriate times. Hand-washing was covered in a house meeting on 8-12-14 and the CDC recommendations for maintaining sanitary conditions will be covered completely on 9-9-14. This information is already part on the new employee training packet and is addressed verbally by the nursing office coordinator. The house manager, assistant house managers, RN, shift supervisors and the management team will observe employees both in their hand-washing, their support of the client in his/ her hand-washing, and other sanitary practices. Concerns will be addressed immediately. Clients choosing to not wash their hands will be offered and assisted with hand sanitizing wipes each time they refuse. The Director of Health Services tracks and trends all infections by person, home, and type of infection. If it is determined that a trend exists, further information will be sought to determine the path that will best reduce the spread or occurrence of infection. The infection control spreadsheet is shared with the incident management coordinator once a month for committee review and recommendation.		

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W 454	Continued From page 11  dinner being placed on the dining room table and clients were encouraged to go to the dining room to eat. Further observation revealed Client #3 being assisted by putting the chair back at the table and sitting at the table for dinner without washing hands.  Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP) on July 23, 2014, at 11:00 a.m., in the clinic confirmed Clients #2 and #3 should have washed hands prior to coming to the dining room table for dinner.	W 454			

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K 130	NFPA 101 MISCELLANEOUS  This STANDARD is not met as evidenced by: Based on observation, it was determined that the facility did not have an all-weather slip resistant surface provided for the exit discharge.  The findings include:  Observation on July 30, 2014 at 9:15 a.m. revealed the exit discharge from the corridor where the house managers office is, is not provided with an all-weather slip resistant surface to the public way. NFPA 101 7.1.6.4*	K 130	A concrete sidewalk will be added from the side exit of the home to the sidewalk adjacent to the parking lot. It will be a broom brushed surface. This will be a permanent correction.	9-1-14	
K0046	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD  Utilities comply with Section 9.1. 32.2.5.1, 33.2.5.1  This STANDARD is not met as evidenced by: Based on observation, record review, and interview, it was determined that the facility failed to have fire dampers serviced and installed in all locations.  The findings include:  Observation, record review, and interview with the maintenance director on July 30, 2014 at 10:00 a.m. revealed no 4-year fire damper maintenance has been conducted and the clean linen supply	K0046	All dampers will be inspected and serviced during the week of 8-10-14 by Central City Heating and Air. Two new fire damper diffusers were ordered and will be installed by 9-1-14. A copy of the completed work order will be forwarded to the inspector. The MDC Engineering Department will add Damper Maintenance to their electronic tracking calendar for every four years.	9-1-14	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*[Signature]* 8-14-14 President / CEO

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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K0046	Continued From page 1 closet air supply register is not provided with a fire damper. NFPA 90A 3-4.7  These findings were verified by the maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014.	K0046			
K0051	483.470(j)(1)(i) LIFE SAFETY CODE STANDARD  A manual fire alarm system is provided in accordance with Section 9.6, 33.2.3.4.1.  Exception No 1: Where there are interconnected smoke detectors meeting the requirements of 33.2.3.4.3 and there is not less than one manual fire alarm box per floor arranged to continuously sound the smoke detector alarms.  Exception No. 2: Other manually activated continuously sounding alarms acceptable to the authority having jurisdiction.  This STANDARD is not met as evidenced by: Based on observation and interview, it was determined that staff was not provided with keys to activate manual fire alarm pull stations.  The findings include:  Observation and interview with the house manager on July 30, 2014 at 10:05 a.m. revealed not all staff members are provided with a fire alarm key to activate the manual fire alarm pull stations. The manual fire alarm pull stations are	K0051	Deflector shields will be added to each diffuser that has a smoke detector within three feet of it. This will be a permanent correction.  Keys have been made and placed on a tab near each pull station. Nurses will do a visual check at the change of each shift to ensure that the key is in place. This will be verified on a shift count sheet that will then be turned into the nursing office coordinator at the end of each month.	9-1-14	

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K0051	Continued From page 2 only key operated to activate the fire alarm. NFPA 101 9.6.2.6  This finding was verified by maintenance director and acknowledged by the house manager during the exit conference on July 30, 2014.	K0051			

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W 247	<p>483.440(c)(6)(vi) INDIVIDUAL PROGRAM PLAN</p> <p>The individual program plan must include opportunities for client choice and self-management.</p> <p>This STANDARD is not met as evidenced by: Based on record review, observation, and interview, the facility failed to include opportunities for client choice for two (#1, #2) of two clients sampled.</p> <p>The findings included:</p> <p>Medical record review revealed Client #1 has the diagnosis of Severe Intellectual Disability.</p> <p>Review of Client #1's Training Specific to the Needs of the Individual/Individual Program Plan/Individual Program Plan (TSNI/IPP), amended December 13, 2013, revealed Client #1 "...enjoys watching music channels (various named music channels) and the Food Network ...will wipe the table after...eats a meal at home when verbally cued to do so and will also place...clothing cover and cup on counter...does enjoy working on arts and crafts as well as being involved in kitchen activities...Staff is always near by to assist (Client #1) with any activity (Client #1) chooses...It is important for...to have choice...such as what to do...understands...is able to choose between two or three items easier than many..."</p> <p>Observation on July 21, 2014, from 3:50 p.m. until 4:35 p.m., in the living room, revealed Client #1 positioned on a Quadruped Positioning Platform (Quad) in front of the television. Continued observation revealed Direct Support</p>	W 247	<p>Each client will be reviewed in the Active Treatment team meeting on 8-20-14 to determine appropriate categories and number of choices for each client in the home. It will be determined if the person can best make choices verbally, by picture book or by another method. Picture books offering choices will be made for those who will communicate best by that method. The COS will be notified of the changes and asked to participate in the creation of the books. The pictures will be changed out periodically to reflect seasonal activities, clothing and food options. The IPP's will be amended. Staff training for each individual will occur. Methods of determining individual's choices will be evaluated by the QIDP (Qualified Intellectual Disabilities Professional) monthly reviews and in communication with the ICF managers and direct support staff. Methods that are not effective will be modified and re-evaluated by the same process.</p>	9-20-14	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

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W 247	<p>Continued From page 1</p> <p>Professional (DSP) #1 changed the television from a talk show to a cartoon (Sponge Bob) which remained on the television the entire time Client #1 was on the Quad. Continued observation revealed Client #1 was not offered the opportunity to choose watching Sponge Bob over watching a music video or the Food Network.</p> <p>Observation on July 21, 2014, from 5:22 p.m. until 5:49 p.m. in the dining room, revealed Client #1 in wheelchair in front of the pass through (an open passage way in the upper half of the wall between the kitchen and dining room) from the dining room to the kitchen observing DSP #2 preparing dinner. Continued observation revealed the door to the kitchen is closed and locked at all times. Continued observation revealed Client #1 was not offered the opportunity to choose to be involved in kitchen activities.</p> <p>Observation on July 21, 2014, from 5:50 p.m. until 6:07 p.m., in the dining room, revealed DSP #1 brought a pre-plated meal and pre-poured drink to the table for Client #1. Continued observation revealed Client #1 was not offered any choice in food or drink during the dinner meal. Client #1 finished the meal at 6:07 p.m. Further observation revealed Client #1 was not offered the opportunity to choose to place the clothing cover and the cup on the counter nor to wipe the table after the meal.</p> <p>Observation on July 22, 2014, from 7:00 a.m. until 8:10 a.m., in the living room, revealed Client #1 positioned on the Quad in front of the television which was tuned to the Cartoon Network. Continued observation revealed Client #1 was never offered the opportunity to choose</p>	W 247	This page left blank intentionally		

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W 247	<p>Continued From page 2</p> <p>watching a music video or the Food Network rather than watching the Cartoon Network. Continued observation revealed a magazine and a box, filled with pages torn from magazines, in front of Client #1. Continued observation revealed Client #1 would periodically rip a page from the magazine and place it in the box. Continued observation revealed Client #1 was not offered the choice to participate in any other activity during this time frame.</p> <p>Observation on July 22, 2014, from 8:18 a.m. until 8:33 a.m., in the dining room, revealed Client #1 wheeled chair to a spot in front of the pass through to the kitchen and observed breakfast being prepared by DSP #3. Continued observation revealed the kitchen door was closed and locked. Continued observation revealed Client #1 was not offered the opportunity to choose to be involved in kitchen activities. Further observation revealed Client #1 was not offered the opportunity to choose to place the clothing cover and the cup on the counter nor to wipe the table after the meal.</p> <p>Interview with the House Manager (HM), in the home office, on July 21, 2014, at 6:35 p.m., confirmed meal menus are completed by a dietician and Client #1 was not offered any choices for the dinner meal. Continued interview confirmed Client #1 was not offered a choice of what to drink because "we know what they like to drink." Continued interview confirmed Client #1 was not offered a choice of what to watch on television or what to do while positioned on the Quad.</p> <p>Interview with Nurse #1, in the dining room, on July 22, 2014, at 12:40 p.m., confirmed Client #1</p>	W 247	This page left blank intentionally		



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NAME OF PROVIDER OR SUPPLIER  MICHAEL DUNN CENTER LEDA HERRON HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 104 VILLAGE TRACE KINGSTON, TN 37763		
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W 247	<p>Continued From page 3</p> <p>was not given the opportunity of what television program to watch while on the Quad from 7:00 a.m. until 8:10 a.m. Further interview confirmed Client #1 was not given choice when given a magazine to tear up while on the quad rather than being offered the opportunity to choose between two activities.</p> <p>Interview with the Nursing Office Coordinator/Qualified Intellectual Disabilities Professional (QIDP), in the Clinic, on July 23, 2014, at 11:00 a.m., revealed Client #1 should have been offered the opportunity to choose to be involved in kitchen activities during meal preparation. Continued interview confirmed Client #1 should have been offered the opportunity to choose to place the clothing cover and cup on the counter and the opportunity to wipe the table after meals. Continued interview confirmed Client #1 was not given opportunities to make choices.</p> <p>Medical record review revealed Client #2 has the diagnosis of Profound Intellectual Disability.</p> <p>Review of Client #2's TSN/IPP, dated September 12, 2013, revealed "...Having choice is important to (Client #2)...wants to decide where to go when in the community. Staff that is familiar with (Client #2) knows what...wants...Sometimes makes day-to-day decisions...if given either/or choices..."</p> <p>Observation at the residence, on July 21, 2014, from 4:00 p.m. until 5:50 p.m., revealed Client #1 walking around the interior common areas of the residence, in the yard/driveway area outside the house, down the street (for approximately 5 minutes) or to the neighboring Intermediate Care</p>	W 247	This page left blank intentionally		

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W 247	<p>Continued From page 4</p> <p>Facility next door (for approximately 7 minutes). Continued observation revealed Client #2 was always followed by DSP #3 or the HM. Continued observation revealed Client #2 sat on the couch for 2 minutes with DSP #1 when given the opportunity to complete a coin sorting activity. Continued observation also revealed Client #2 went to use the restroom when suggested by the HM. Further observation revealed Client #2 was not offered the opportunity to choose any other activities during this time.</p> <p>Observation on July 21, 2014, from 5:50 p.m. until 6:15 p.m., in the dining room, revealed DSP #4 brought a pre-plated meal and pre-poured drink to the table for Client #2. Continued observation revealed Client #2 was not offered any choice in food or drink during the dinner meal. Client #2 finished the meal at 6:15 p.m.</p> <p>Observation on July 22, 2014, from 8:00 a.m. until 8:42 a.m., in the home, revealed Client #2 walking continuously around the common areas. Continued observation revealed Client #2 was not offered the opportunity to choose another activity during this time.</p> <p>Interview with the House Manager (HM), in the home office, on July 21, 2014, at 6:35 p.m., confirmed meal menus are completed by a dietician and Client #2 was not offered any choice for the dinner meal. Continued interview confirmed Client #2 was not offered a choice of what to drink because "we know what they like to drink." Further interview confirmed Client #1 was not offered the opportunity to choose an activity other than walking from 4:00 p.m. until 5:50 p.m. on July 21, 2014.</p>	W 247	This page left blank intentionally		

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W 247	Continued From page 5  Interview with DSP #3, outside the home on July 22, 2014, at 9:45 a.m., confirmed Client #2 has board games and puzzles in the bedroom, and Client #2 will choose to do these activities when offered the opportunity by staff.  Interview with the QIDP, in the Clinic, on July 23, 2014, at 11:00 a.m., confirmed Client #2 was not given opportunity for choice when staff did not offer the opportunity to choose what to do by presenting Client #2 with two options and allowing Client #2 to indicate the choice.	W 247		9-20-14	
W 249	483.440(d)(1) PROGRAM IMPLEMENTATION  As soon as the interdisciplinary team has formulated a client's individual program plan, each client must receive a continuous active treatment program consisting of needed interventions and services in sufficient number and frequency to support the achievement of the objectives identified in the individual program plan.  This STANDARD is not met as evidenced by: Based on record review, observation, and interview, the facility failed to ensure the individual program plans were implemented for one (#1) of two clients sampled.  The findings included:  Medical record review revealed Client #1 has the diagnosis of Severe Intellectual Disability.  Review of Client #1's Active Treatment Card, effective date December 2, 2010 and updated	W 249	All plans for client #1, and all other clients will be followed as written and trained. The house manager, two assistant house managers, the staff RN and the QIDP will monitor employees performance for the correct use of modalities, program plans, and adaptive equipment. Since the survey, the QIDP has been promoted to an assistant director position and will have the authority to provide immediate training or employee correction if needed. One of the assistant house managers, whose primary role is employee education and training has returned from maternity leave.  Four employee interviews will be conducted per month at the home on random plans to ensure employees know the plans they are implementing. Interviews will be conducted by supervisor level employees and above. Employee training will be conducted if determined necessary during the interviews. Follow up supervision will then take place.		

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W 249	<p>Continued From page 6</p> <p>June 11, 2014, revealed "Adaptive Equipment:...Other:...Weighted scoop bowl, clothing protector, dycem mat to keep bowl from slipping..." Continued review revealed Client #1 could use either a regular drinking cup, with or without straw, or a fixed-straw cup.</p> <p>Observation on July 21, 2014, from 5:50 p.m. until 6:07 p.m., in the dining room, revealed Client #1 utilized a weighted scoop bowl, a clothing protector and a fixed-straw cup as adaptive equipment during dinner. Continued observation revealed a dycem mat was not used under the bowl during the dinner meal for Client #1. Continued observation revealed the scoop bowl slid to the right as the client scooped food onto the spoon from the left.</p> <p>Observation on July 22, 2014, from 8:42 a.m. until 9:00 a.m., revealed Client #1 ate breakfast utilizing only a weighted scoop bowl, a clothing protector, and a fixed-straw cup as a adaptive equipment. Continued observation revealed no use of a dycem mat under the bowl during breakfast for Client #1. Further observation revealed the bowl was placed on top of the lower half of the clothing protrector on the table while Client #1 was eating. Continued observation revealed the scoop bowl and clothing protector slid to the right as the client scooped food onto the spoon from the left.</p> <p>Interview with the Director of Health Services, in the Clinic, on July 23, 2014, at 9:30 a.m., confirmed active treatment was not implemented correctly for Client #1 because a dycem mat was not placed under the bowl at dinner and at breakfast.</p>	W 249	<p>Four direct observations of employees implementing plans will be completed each month by supervisory (or above) employees. The plans will be chosen randomly and any concerns will be corrected immediately with further training to follow if determined necessary. (Continued on page 7)</p> <p>The QIDP will review the interview and observation forms and develop further training if determined necessary. All clients will be encouraged and assisted with washing their hands before every meal. Hand sanitizing wipe will be offered when clients refuse to wash their hands or are eating in a location without a sink (ie: picnic). Clients who chose not to wash their hands will continue to be encouraged at every meal.</p> <p>(See attached Management Inspection Checklist)</p>		

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W 263 W 263	<p>Continued From page 7</p> <p>483.440(f)(3)(ii) PROGRAM MONITORING &amp; CHANGE</p> <p>The committee should insure that these programs are conducted only with the written informed consent of the client, parents (if the client is a minor) or legal guardian.</p> <p>This STANDARD is not met as evidenced by: Based on record review, review of facility Human Rights Committee (HRC) documents, and interview, the facility's HRC failed to insure restrictive programs were conducted only with written informed consent for two (#1, #2) of two clients sampled and for two (#3, #4) of two clients not sampled, and failed to insure written informed consent is not blanketed for one (#3) of two clients not sampled.</p> <p>The findings included:</p> <p>Medical record review for Client #1 revealed a diagnosis of Severe Intellectual Disability.</p> <p>Review of Client #1's HRC Restrictive Intervention Plan Review 201, dated October 22, 2013, revealed HRC approval for "...restrictive intervention is: Side rails on...bed..." Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)...Verbal (handwritten under the word consent)..." Continued review revealed no evidence of written informed consent for this restriction.</p> <p>Medical record review for Client #2 revealed a diagnosis of Profound Intellectual Disability.</p> <p>Review of Client #2's HRC Restrictive</p>	W 263 W 263	<p>All Clients will have their restrictions reviewed before the HRC panel in September, 2014. The consent forms will be reviewed one week prior to the HRC meeting to ensure completeness. Items that do not have conservator consent will not be reviewed. If there are restrictions that do not have consent due to the conservator not replying at all to the request, a certified letter will be mailed requesting either signed consent or a meeting to explore safe options for the client. New restrictions will not be implemented until both conservator consent and HRC approval have been obtained. For ongoing restrictions (such as door chimes), the consent will be discussed and obtained in each annual ISP meeting. New restrictions throughout the year will not be implemented without written consent and HRC approval unless the person is in imminent danger without it. An emergency COS will then be held to evaluate the situation and obtain consent. The HRC Coordinator will not present any restriction to the panel without written consent. The active treatment committee will evaluate all restrictions for all clients quarterly to ensure no new restrictions have been implemented without conservator consent and committee approval, as well as look at the possible reduction of restrictions for each person. The QIDP will supervise this process and track all restrictions via Excel.</p>	9-20-14	

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NAME OF PROVIDER OR SUPPLIER

MICHAEL DUNN CENTER LEDA HERRON HOME

STREET ADDRESS, CITY, STATE, ZIP CODE

104 VILLAGE TRACE  
KINGSTON, TN 37763

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W 263	<p>Continued From page 8</p> <p>Intervention Referral and Review 201, dated August 27, 2013, revealed HRC approval for "...kitchen door...currently locked..." Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)..." Further review revealed the words "...Verbal Consent 8/26/13..." handwritten in the Documents Reviewed section. Further review revealed no evidence of written informed consent for this restriction.</p> <p>Medical record review for Client #3 revealed a diagnosis of Severe Intellectual disability.</p> <p>Review of Client #3's HRC Restrictive Intervention Referral and Review 201, dated August 27, 2013 revealed HRC approval for each of the following restrictive interventions: "...Cleaning supplies...are locked... and medications (handwritten onto the form);...kitchen door...currently locked;...Door chimes on exit doors;...(Client #3) will be line of sight (one-to-one supervision)...door alert system...placed on...bedroom door..." Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)..."</p> <p>Review of Client #3's Consent for Restrictive Intervention, dated August 28, 2013, revealed a consent form for "...The proposed restrictive intervention...Locked Hazardous materials/medications/cleaning supplies;...Locked Kitchen door;...Door Chimes;...Line of Sight (and) bedroom door chimes..." Continued review revealed the form to be a blank consent form not specifying the restrictions separately with specific risks, benefits or impacts. Continued review revealed written signature by the conservator of Client #3, dated August 28, 2013.</p>	W 263	This page left blank intentionally.	

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W 263	Continued From page 9  Medical record review for Client #4 revealed a diagnosis of Profound Intellectual Disability.  Review of Client #4's HRC Restrictive Intervention Plan Review 201, dated October 22, 2013, revealed HRC approval for "...restrictive intervention is: Side rails on...bed..." Continued review revealed "...Documents Reviewed During HRC Meeting...Consent (box is marked)... Verbal (is handwritten under the word consent)..." Continued review revealed no evidence of written informed consent for this restriction.  Interview with the Director of Quality Assurance (the facility's HRC facilitator), by phone from the Clinic, confirmed the facility's HRC approved programs with restrictive interventions, including behavior modifying medications, before written informed consent was obtained.	W 263			
W 267	483.450(a)(1) CONDUCT TOWARD CLIENT  The facility must develop and implement written policies and procedures for the management of conduct between staff and clients.  This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to provide dignity while eating for two (#1, #2) of two clients sampled and for one (#3) of two clients not sampled.  The findings included:  Observation on July 21, 2014, at 5:50 p.m., in the dining room, revealed Clients #1, #2, #3 and #4, sitting at the dining room table for the evening	W 267	Clothing protectors will not be placed on the table, under the plate, or otherwise, for any client supported in this home. This has been specifically addressed to all employees in a house meeting by the QIPD on 8-12-14. The house manager, two assistant house managers, the staff RN and the QIDP will monitor employees performance for the	9-20-14	

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W 267	Continued From page 10 meal. Continued observation revealed all four clients had clothing protectors applied; the tail of the clothing protectors were placed on the table, for Clients #2 and #3, with the clients' plates on top of the clothing protectors. Continued observation revealed the plates with the clothing protectors kept slid forward/backward or left/right depending on the direction from which the client scooped the food onto the spoon.  Observation on July 22, 2014, at 8:42 a.m., in the dining room revealed Clients #1, #2, and #3 sitting at the dining room table for breakfast. Continued observation revealed all three clients had clothing protectors applied; the tail of the clothing protectors were placed on the table with the clients' bowls of cereal on top of the clothing protectors for all three clients. Continued observation revealed the bowls slid forward/backward or left/right depending on the direction from which the clients scooped the food onto the spoon.  Interview with the Health Services Director, on July 23, 2014, at 9:30 a.m., in the clinic, confirmed placing the clients' plates/bowls on the clothing protectors on the table failed to provide the three clients with dignity.	W 267	correct use of modalities, program plans, and adaptive equipment.  Employee training will be completed on the MDC (Michael Dunn Center) Mission, Vision, and Values Statement, Expectations of Employment, and the Right of Individuals Supported Policy (see attached) on 9-9-14. All three items will be discussed with each new employee. A training that includes specific examples of how to treat a person with dignity will be conducted on 9-9-14 in a house meeting and then covered in new employee training for all new employees. The MDC employee evaluation process is being amended to reflect the employees' awareness and implementation of rights, dignity and person centered practices. (See Attached Template) Each person supported will have an annual rights assessment completed by the Quality Assurance department. (See Attached)  The house manager, assistant house managers, the staff RN, the QIDP as well as the MDC management team will observe staff interactions with the clients and correct concerning behavior immediately. Management inspections occur at one per year per person in the home. Employees were trained on 8-5-14 via email to make initial changes regarding the correct use of the clothing protectors, appropriate age related conversations etc. This was addressed by the QIDP in a house meeting on 8-12-14, and will be addressed more thoroughly at the 9-9-14 house meeting.		
W 441	483.470(i)(1) EVACUATION DRILLS  The facility must hold evacuation drills under varied conditions.  This STANDARD is not met as evidenced by: Based on review of Residential Fire Drill Reports and Tornado Drill Reports, and interview, the facility failed to hold evacuation drills under varied	W 441			



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W 441	<p>Continued From page 11</p> <p>conditions for all residents of the facility.</p> <p>The findings included:</p> <p>Review of 36 Residential Fire Drill Reports, dated from September 4, 2013 through June 29, 2014, revealed no documentation of the drills being conducted under varying conditions (weather, location of fire, or routes of egress).</p> <p>Review of Tornado Drill Reports, dated September 25, 2013 through June 23, 2014, revealed no indication of time of day for the drill for 8 of 9 reports.</p> <p>Interview with the Director of Health Services, on July 21, 2014, at 11:20 a.m., in the Clinic, confirmed the evacuation drill reports do not reflect evidence of drills having been conducted under varying conditions.</p>	W 441	<p>Fire drill forms will be distributed to the homes at the beginning of each month by the nursing office coordinator with the alternating fire locations, client locations and weather conditions already written in for the employees to follow. Staff training on how to utilize the new version of the evacuation drill form will be completed in the 9-9-14 house meeting.</p> <p>The nursing office coordinator will review the fire drill forms once completed to ensure both varied conditions were followed and that evacuation was achieved timely. If barriers are noted she will immediately notify the house manager and QIDP for additional employee training. The nursing office coordinator will review all other forms, including the tornado drills, to ensure all pertinent data is included on each drill.</p> <p>At any time barriers are noted and additional training or other intervention is needed, the QIDP will notify the Director of Health Services.</p>	9-20-14	



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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October 1, 2015

Mike McElhinney  
Michael Dunn Center  
629 Gallaher Road  
Kingston, TN 37763

RE: Certificate of Need Application -- Michael Dunn Center - CN1509-038  
The establishment of a four (4) bed ICF/DD home for four (4) residents located at 313 Michael Dunn Drive in Rockwood (Roane County), Tennessee 37748. The estimated project cost is \$ 1,438,834.

Dear Mr. McElhinney:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Theresa C. Sloan at the Tennessee Department of Intellectual and Developmental Disabilities for Certificate of Need review by the Office of General Counsel. You may be contacted by someone from Ms. Sloan's office for additional clarification while the application is under review by the Department. Ms. Sloan's contact information is [Theresa.C.Sloan@tn.gov](mailto:Theresa.C.Sloan@tn.gov) or 615-253-8731.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on October 1, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on December 16, 2015.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Melanie M. Hill/MF".

Melanie M. Hill  
Executive Director

cc: Theresa Sloan, Assistant Commissioner/General Counsel, DIDD



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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#### MEMORANDUM

TO: Theresa Sloan, Assistant Commissioner and General Counsel  
Intellectual and Developmental Disabilities  
Citizens Plaza State Office Building 10<sup>th</sup> Floor  
400 Deaderick Street  
Nashville, TN 37243-1403

FROM: Melanie M. Hill *MMH/MF*  
Executive Director

DATE: October 1, 2015

RE: Certificate of Need Application  
Michael Dunn Center - CN1509-038

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on October 1, 2015 and end on December 1, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Mike McElhinney



State of Tennessee  
Health Services and Development Agency

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

## LETTER OF INTENT

The Publication of Intent is to be published in the Roane County News which is a newspaper  
of general circulation in Roane (Name of Newspaper)  
(County), Tennessee, on or before 09/02, 2015, (Month / day) (Year)  
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Michael Dunn Center

(Name of Applicant)

Residential Habilitation

(Facility Type-Existing)

owned by: Hope Haven Corporation

with an ownership type of Non-Profit

and to be managed by: Mike McElhinney, President/ CEO intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: The conversion of a residential habilitation home located at 313 Michael Dunn Drive, Rockwood, TN 37748 into a four person ICF/ IDD home to facilitate the relocation of four individuals exiting Green Valley Developmental Center (GVDC), located at 4850 East Andrew Johnson Highway, Greeneville, TN 37744-0910. The estimated project cost, calculated according to the rules of the HSDA, are approximately \$214,104. The project includes the relocation of individuals in the Residential Habilitation home to local Supported Living Homes, the renovation of the Residential Habilitation home to meet ICF/ IDD regulations, as well as bedroom modifications to best support the new residents. Services provided will include 24 hour care support, including nursing services. Appropriate therapies, community integration opportunities and active treatment plan implementation to increase independence will also be provided.

The anticipated date of filing the application is: September 4<sup>th</sup>, 2015

The contact person for this project is Mike McElhinney

President/ CEO

(Contact Name)

(Title)

who may be reached at: Michael Dunn Center 629 Gallaher Road

(Company Name)

(Address)

Kingston

(City)

TN

(State)

37763

(Zip Code)

865-376-3416 Ext. 215

(Area Code / Phone Number)

(Signature)

9-1-15

(Date)

Mike.McElhinney@michael dunn center,

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (Revised 01/09/2013 - all forms prior to this date are obsolete)

**Original**  
**Supplemental**  
**#1**

**MICHAEL DUNN**  
**CENTER**

**CN1509-038**



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson Building, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615/532-9940

**SUPPLEMENTAL #1**

**September 23, 2015**

**12:18 pm**

September 22, 2015

Mike McElhinney  
President/CEO  
Michael Dunn Center  
629 Gallaher Road  
Kingston, Tennessee 37763

RE: Certificate of Need Application CN1509-038  
Michael Dunn Center

Dear Mr. McElhinney:

This will acknowledge our September 8, 2015 receipt of your application for a Certificate of Need for the establishment of a four (4) bed ICF/DD home for four (4) residents located at 313 Michael Dunn Drive in Rockwood (Roane County), Tennessee 37748. Following completion of the proposed project the applicant will operate four (4) ICF/DD residential beds.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 noon, Wednesday September 23, 2015.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

#### 1. Filing of the Application

Please review page 3 of the application form, specifically the FILING THE APPLICATION section. The application as submitted appears to be out of compliance with respect to the format prescribed for both the body of the application and all related attachments.

- Applications should have all pages numbered.
- All attachments should be attached to the back of the application, be identified by the applicable item number of the application, and placed in alpha-numeric order consistent with the application form.

- Specific to Sections B. and C., please answer all questions on 8 ½" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. **In answering, please type the question and the response directly underneath.**
- Please submit a revised application that follows the guidelines provided above.
- In submitting replacement pages, please place an "R" after the page number.

**2. Section A. (Applicant Profile) Item 4**

The applicant indicates the management/Operating Entity is the Michael Dunn Center. However, it is confusing as to what type of management services that are being offered. Please attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule.

Response: There are only two parties, Michael Dunn Center and Hope Haven Corporation. There is not a managing company. Michael Dunn Center will operate the facility in all aspects with the exception of the initial start up costs.

**3. Section A. (Applicant Profile) Item 6**

Please clarify if Hope Haven is only the owner of the property. If not, please explain.

Response: Hope Haven is the only owner of the property.

It is noted the monthly rental payment is \$3,500 per month. Please clarify the portion of the \$3,500 per month the 4 residents will pay out of pocket.

Michael Dunn Center will pay their rent. The tenet will pay no money toward rent. See Section 21; C Item 5 on this form for more financial details.

Who is responsible for the construction?

Response: Hope Haven Corporation

Who is currently holding the ICF/MR license?

Response: There is not a current ICF/ DD license for this property. The existing ICF/DD homes operated by Michael Dunn Center are licensed through the State of Tennessee Department of Intellectual and Developmental Disabilities.

Please provide a fully executed option to lease or lease agreement.

Response: See replacement lease agreement attachment. (Attachment #1)

**4. Section A. (Applicant Profile) Item 8**

The applicant notes the purpose of review is for the modification of an existing facility and for the change of location. However, the purpose for review is for a new institution and for four ICF/DD beds. Please check "A. New Institution" and "J. Other (Specify)- ICF/DD" and resubmit page 7 as a replacement page.

Response: See Attachment#2 Page 7-R

**5. Section A. (Applicant Profile) Item 8**



The bed complement bed chart is noted. However, the applicant is proposing 4 ICF/DD beds. Please indicate the proposal of the ICF/DD beds only and provide a total and resubmit page 8 as a replacement page.

Response: See Attachment#3 Page 8-R

Please describe the management entity's experience in providing management services for the type of the facility, which is the same or similar to the applicant facility. Please describe the ownership structure of the management entity.

Response: There are only two parties, Michael Dunn Center and Hope Haven Corporation. There is not a managing company. Michael Dunn Center will operate all entities of this facility.

**6. Section A. (Applicant Profile) Item 4 and Item 6 (Legal Interest in the site of the Institution)**

Your response is noted. For the benefit of the Agency members and reviewers, please provide a brief description of the applicant, Michael Dunn Center. Please include in your description the mission of the not-for-profit corporation, the types of services it provides, and the locations of its operating facilities.

Response: Michael Dunn Center exists to provide high quality services to adults with developmental disabilities. We operate 24 homes with different levels of service throughout Roane County. The administrative office is in Kingston, TN with also houses our work and day programs. Our mission is "Empowering individuals living with disabilities and challenges to gain independence."

**7. Section B, Project Description, Item I.**

The executive summary is noted. However, please list each of the following topics and provide a brief description underneath each:

- Brief description of proposed services and equipment

Response:

**Ownership structure-** The Hope Haven Corporation owns the facility at 313 Michael Dunn Drive in Rockwood. The Hope Haven Corporation is managed by Michael Dunn Center located at 629 Gallaher Road, Kingston, TN in Roane County. The Michael Dunn Center will manage the ICF Facility, once in place, at the 313 Michael Dunn Center Drive, as well.

**Service area-** This project involves the renovation of a Residential Habilitation Home in which services fall under Department of Intellectual and Developmental Disabilities into a four bed ICF home. The home is located at 313 Michael Dunn Drive, Rockwood, TN 37854 in Roane County.

**Need-** Families of individuals residing at Green Valley Developmental Center, who live in or near Roane County, TN, are requesting ICF services for their family members. The renovated home will provide four beds with on suites for privacy and equipment storage for

four individuals exiting the Green Valley Developmental Center prior to the expected closure date of June 30<sup>th</sup>, 2016.

**Existing Resources-** This project involves the conversion of a Residential Habilitation Home in which services fall under Department of Intellectual and Developmental Disabilities into a four bed ICF home. The home is located at 313 Michael Dunn Drive, Rockwood, TN 37854 in Roane County. The existing management staff will manage the new home. The local hospital and physicians will provide medical services. Michael Dunn Center has a therapy department to provide necessary services. Michael Dunn Foundation has financial resources to open this home as shown in Michael Dunn Foundation, INC. Financial Statements with Supplemental Financial Information. (Attachment 15 of original CON)( See Attachment 4.)

**Project Cost-** The project will need an appraisal for fair market value of the rent. Movable equipment acquisition consisting of two sedans and two handicap accessible vans. See Project Data Chart (Page 15 in the original CON) (See Attachment 5.)

**Funding Financial Feasibility-** Funding for ICF/DD facilities is based on expenses from the previous year. The program is funded through TennCare. TennCare receives the individual's social security funds and then in turn remits payment to Michael Dunn Center. See Section C; item 5 on this form for more details.

**Staffing-** The homes are staffed with a Director, Assistant Director and Supervisor who are all licensed Registered Nurses in the state of Tennessee. The proposed ICF home will be managed and nursing care will be provided by the same three individuals in conjunction with LPN's, Direct Support Professionals, and a Qualified Intellectual and Developmental Disability Professional. Michael Dunn Center employs therapy personnel needed to support individuals in Physical, Occupational, Speech and nutrition therapy. Local resources, such as Patricia Neal Rehabilitation Center are also available to support individual choice.

Staffing of the home will come from nurses in the local and surrounding communities who choose to work in a small specialized setting supporting individuals with any combination of developmental, intellectual and behavioral needs. Tennessee College of Applied Technology hosts two separate programs per year for LPN's. The LPN's from the Harriman location do clinical observation at Michael Dunn Center, often resulting in a desire to be employed at Michael Dunn Center upon graduation.

Please resubmit the above in the correct format and sequence within the application.

Please provide an overview of the Green Valley Developmental Center. Please include the ownership, licensed beds, age, and management entity. NA

Please explain what will become of Green Valley Development Center after all the residents relocate into the 4-Bed homes. NA

Please provide an overview of ICF/DD services.

Response: Intermediate Care Facilities for individuals with Intellectual disability (ICF/ID) is an optional Medicaid benefit that enables states to provide comprehensive

and individualized health care and rehabilitation services to individuals to promote their functional status and independence. Although it is an optional benefit, all states offer it, if only as an alternative to home and community-based services waivers for individuals at the ICF/ID level of care. (Per Medicaid.gov website)

Is the applicant planning to file a 2nd application for another 4 bed home? Yes

How can a facility housing 10 patients not require significant renovation to convert to a 4 bed home?

Response: Our plan is to convert LaCroix into an ICF for four Greene Valley residents. LaCroix already has a fire sprinkler system, a basic requirement for an ICF.

Additionally, LaCroix is also designed so that each of the four new residents will have a suite consisting of their own private bedroom, remodeled bathroom and sitting/TV room. There is also a newly remodeled common kitchen, dining room, living room and laundry room. Additional spaces will be utilized for sensory rooms, therapy or exercise areas, sitting areas and storage spaces.

What will happen to the spaces that currently house the 6 other beds?

Response: Each individual will occupy one bedroom for sleeping quarters and a second bedroom for a sitting or leisure area. Additional spaces will be utilized for sensory rooms, therapy or exercise areas, sitting areas and storage spaces.

#### **8. Section B, Project Description, Item II.C.**

Please only describe your need to provide "11.ICF/DD Services" and resubmit a replacement page. (See Attachment 6; pg 13-R)

#### **9. Section B. (Plot Plan)**

Your response is noted. However, please indicate the location of the structure on the site. In addition, the address of the site is noted as 313 Michael Dunn Drive. However, according to the plot plan it appears the facility is located on Cumberland Street. Please clarify. If needed, please provide a revised plot plan which includes the location of Michael Dunn Drive. (See Attachment 7)

Tennessee Code Annotated 33-2-418 indicates that the DMHDD "shall not license more than two (2) such residential facilities within five hundred (500) yards in any direction from other such facilities housing service recipients. Please verify that these proposed ICF/DD facility is not located at least 500 yards from other similar facilities.

Response: This home is located in a residential neighborhood and not within 500 yards of any similar facility. (See Attachment 8)

#### **10. Section B. (Floor Plan)**

Please provide larger, more detailed images with **legible room labels** of your project on 8 ½ x 11 paper. (See Attachment 9)

Please clarify if the floor plan is for the new ICF/DD facility? No, the home will have cosmetic changes to give the appearance of suites.

#### **11. Section C, Need Item 1**



Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

*Response:*

***The purpose of the State Health Plan is to improve the health of Tennesseans***

*The new home will support this principle by the high quality health care already provided by Michael Dunn Center. Michael Dunn has tracking systems in place to ensure the residents have medical care both on an "as needed" basis as well as by following CMS recommendations. These systems will be carried over from the existing homes to the new home. The individuals will have access to all of their healthcare needs, including mental health. They will have both planned and spontaneous activities to enjoy their new community and they will be given the opportunity to work either through Michael Dunn Center or in the community. Michael Dunn Center will ensure that the individuals have all needs met financially, as this is a requirement of the program. Michael Dunn Center will also oversee that the individuals have the appropriate amount of money available for fun activities or desired items for purchase. Michael Dunn Center participates in the Drug Free Workplace program and requires drug screens upon hire, post accident, upon suspicion and randomly. Michael Dunn Center does not allow smoking or tobacco products belonging to the staff near the individuals. If supported individuals smoke or use tobacco, conversations about supporting them to stop are held at least annually in a Circle of Support meeting. Michael Dunn Center also employs dieticians who work with individuals and employees to write appropriate and health menus specific to the needs and desires of the individuals.*

***Every citizen should have reasonable access to health care.***

*Every individual at Michael Dunn Center has healthcare on an as needed basis as well as on a preventative schedule. Michael Dunn Center ensures insurance coverage for healthcare needs and for individuals receiving ICF services, Michael Dunn Center is responsible for the remaining cost of those services. Transportation is provided to all appointments and issues needing further care are addressed. Dental visits are typically every three months for people supported at Michael Dunn Center versus every six months for individuals without developmental disabilities. This is due to dental health issues related to oral hygiene challenges and medications.*

***The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.***

*Providing supports in an ICF facility is cost effective at Michael Dunn Center due to concise staffing, preventative healthcare, management over site of the utilization of resources and in this case the use of a home that was previously but recently remodeled eliminating the need to build a new structure. Ongoing cost efficiency will result from preventative healthcare, preservation of mobility through therapies, and building and vehicle maintenance performed by Michael Dunn Center employees.*

***Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.***

*Michael Dunn Center employs a Quality Assurance Department who oversees the overall quality of care. Quality based surveys are conducted at MDC at least two times per year from DIDD. Michael Dunn Center works closely with DIDD to improve in areas identified as placing the individuals at risk. There is a Quality Improvement Plan that is updated and maintained in an ongoing basis. There are nurses who gather information related to falls, medication variances, choking, skin breakdown and infection control and provide education where needed to constantly improve the quality of healthcare. Unannounced director level and above site inspections are completed at a minimum of one per person supported per year. Managers complete monthly house inspections.*

***The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.***

*Michael Dunn Center utilizes licensed and unlicensed personnel to provide cohesive care to the individuals supported. We offer ongoing employee training and flexible schedules to allow employees the time to return to school if so desired. Michael Dunn Center is a clinical site for practical nursing students from Tennessee College of Applied Technology in Harriman, TN.*

## **12. Section C. (Need) Item 1 (Specific Criteria- ICF/DD Facilities)**

The Tennessee Code Annotated Title 33; Title 68, Chapter 11 and Section 71-5-105(b)(2) states "Only providers that have been providing services to persons with developmental disabilities under contract with the state for at least five (5) years shall be eligible to apply for these new beds." Please describe the services and the number of years which the applicant has provided each service through contract(s) with the state of Tennessee to persons with developmental disabilities.

*Response: Michael Dunn Center has been providing services under contract for greater than five years, starting in 1976.*

**13. Section C. (Need) Item 1 (Service Specific Criteria-ICF/DD Facilities)  
B. Service Area 1.**

Please complete the following table of driving distances and driving time for basic services from the proposed ICF/DD location

Service	Closest Location	Driving Distance	Driving Time
Nearest Incorporated City	Rockwood TN Gov. Office	9.9 miles	17 minutes
Hospital	Roane Medical Ctr.	6.2 miles	11 minutes
Physician Offices	Roane County Family Practice	6.2 miles	11 minutes
EMS/Fire Station	623 Old Hwy.70, Harriman TN	4.9 miles	8 minutes
Day Treatment (if applicable)	NA	NA	NA
Green Valley Development Center		119.18 miles	2hrs;2 minutes

**14. Section C (Need) Service Area and (Specific Criteria- ICF/DD Facilities, Item B.2)**

Please clarify if residents of the proposed project will be individuals with complex medical needs. If so, will home health services be provided? Please discuss.

Response: The individuals may have complex medical needs. Each individual's needs will be met accordingly. Michael Dunn Center will employ full time LPN's and RN's to provide all nursing services. Home Health will not be used as this would be a duplication of services.

**15. Section C (Need), Item 3**

The response regarding the proposed service area is noted. Please note if this facility will be located near families and relatives of the identified residents who will be placed in this facility.

Response: The families of the four individuals live between ten and 70 minutes away from 313 Michael Dunn Drive. All families will have a significantly shorter drive to this location than to the GVDC location.

**16. Section C. (Need) Item 4 (Population Demographics)**

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

<i>Variable</i>	<i>Roane County</i>	<i>Tennessee</i>
<b><i>Current Year (CY), Age 65+</i></b>	<b><i>11,422</i></b>	<b><i>981,984</i></b>
<b><i>Projected Year (PY), Age 65+</i></b>	<b><i>11,942</i></b>	<b><i>1042,71</i></b>
<b><i>Age 65+, % Change</i></b>	<b><i>6.1</i></b>	<b><i>1.8%</i></b>
<b><i>Age 65+, % Total (PY)</i></b>	<b><i>22%</i></b>	<b><i>15.5%</i></b>
<b><i>CY, Total Population</i></b>	<b><i>54,079</i></b>	<b><i>6,649,438</i></b>
<b><i>PY, Total Population</i></b>	<b><i>54,191</i></b>	<b><i>6,710,579</i></b>
<b><i>Total Pop. % Change</i></b>	<b><i>4.6%</i></b>	<b><i>6.1%</i></b>
<b><i>TennCare Enrollees</i></b>	<b><i>11,502</i></b>	<b><i>1,447,657</i></b>
<b><i>TennCare Enrollees as a % of Total Population</i></b>	<b><i>9,590</i></b>	<b><i>1,190,766</i></b>
<b><i>Median Age</i></b>	<b><i>45.4</i></b>	<b><i>37.2</i></b>
<b><i>Median Household Income</i></b>	<b><i>\$42,223</i></b>	<b><i>\$44,298</i></b>
<b><i>Population % Below Poverty Level</i></b>	<b><i>15%</i></b>	<b><i>17.6%</i></b>

**17. Section C. (Need) Item 6 - No projected utilization with documented methodology**

Please provide the projected number of annual bed resident days and the details regarding the methodology used to project "resident bed" days during the first year of operation and resident bed" days during the second year of operation.

Response: We project we will have 1,460 annual bed resident days for both year one and year two.. We have created a budget based on having 100% occupancy during the first and second year. Our actual utilization has been very close to 100% for our ICF home.

Using the chart below, please provide the occupancy and utilization for the past three years for the two ICF/DDs (Calllouette Home and Herron Home) currently located in Roane County.

<b>County</b>	<b>Facility/Address</b>	<b>2012 Lic. Beds</b>	<b>2012 ADC</b>	<b>2012 % Occupancy</b>	<b>2013 Lic. Beds</b>	<b>2013 ADC</b>	<b>2013 % Occup.</b>	<b>2014 Lic. Beds</b>	<b>2014 ADC</b>	<b>2014 % Occup.</b>
	Calllouette Home	4	3.98	99.5%	4	3.88	96.9%	4	3.93	98.2%
	Herron Home	4	3.98	99.6%	4	3.997	99.9%	4	4.00	100%
	Total	8	7.96	99.5%	8	7.877	98.46%	8	7.929	99.1%

Please provide a map of the service area indicating the location of each existing ICF/DD facility in Roane County in relation to the proposed ICF/DD facility. (See Attachment 10)



**18. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)**

The following definition regarding items acquired by lease in Tennessee Health Services and Development Agency Rule 0720-2-.01 (12)(d) states " If the acquisition is by lease, the cost is either the fair market value of the property, or the total amount of the lease payments, whichever is greater."

Please provide documentation of the fair market values of both the land and the building and the calculation of the total amount of the lease payments over the term of the lease, which in this case is defined by the applicant in the attached lease as 30 years. Please insert the greater amount in line B.1 of the Project Costs cost and resubmit a replacement page. (See Attachment 11; page 15-R) Unchanged at this time. Appraisal is expected this week and will be submitted to the CON office immediately.

Please provide documentation from licensed construction industry professional (i.e., architect, builder, engineer) describing the project's facility required modifications and his/her estimate of the cost to complete the modifications to provide a physical environment, according to applicable federal state and local construction codes, standards, specifications, and requirements, including the latest AIA Guidelines for Design and Construction of Health Care Facilities and the Americans with Disabilities Act.

Response: We have determined we will need to construct a fire wall to enclose the kitchen area. This wall will extend from the floor to the roof and will have a double layer of sheetrock. The kitchen area has two doors that will be fire rated doors to meet the requirements. The estimated cost for this renovation is \$6,500.

**19. Section C. (Economic Feasibility) Item 2 (Funding)**

Your response is noted. Please provide appropriate documentation (letter) of the availability of cash reserves to fund the proposed project from the applicant's or parent company's Chief Financial Officer or equivalent.

*Response: Please see attached letter from Glen Blevins, VP of Finance for Michael Dunn Center and balance sheets as of 6/30/2015 for Michael Dunn Center and Michael Dunn Foundation. (Attachment 12; 3pages)*

**20. Section C. (Economic Feasibility) Item 4 (Historical Data Chart)**

**Historical Data Chart**

Since this application is for a new ICF/DD institution, please specify what agency/service the historical data chart represents.

Response: The Historical Data Chart represents all operations of Michael Dunn Center. This does not include Michael Dunn Foundation's operations.

Please indicate the number of patient days provided in Years 2012, 2013, and 2014 on line A. Utilization Data in the Historical Data Chart. Please revise and resubmit.

Response: Line A Utilization Data in the Historical Data Chart has been revised. (See Attachment 13; pg. 17-R)



Why was there a loss of \$341,000 in 2014 in the Historical Data Chart?

Response: In FY2014 we had a loss of \$341,000 as a result of several factors. We did not receive a Tenn. Dept. of Transportation grant that year which had been worth around \$180,000. We had four individuals in our homes that passed away and we were not able to fill these vacancies for long period of time. These vacancies can only be filled by referrals from DIDD. Our Work Program had a loss of revenue due to a loss of contract work. FY2015 saw an increase in this contract work. FY2014 is showing a net income of \$77,636.

Please specify "other operating revenue" in A.4 in the Historical Data Chart.

Response: Other Operating Revenue is donations, grants and sales.

The Historical Data Chart shows no Provision for Charity Care and/or Bad Debt. Please explain.

Response: We have a \$50,000 Allowance for Doubtful Accounts on our balance sheet under accounts receivable. Our CPA reviews this each year and feels it is sufficient. We expect TennCare will fund this project and we will not need to increase the allowance. We have not and do not expect to provide charity care therefore Charity Care is not funded.

Please complete "E. Other Revenue (Expenses)-Net Specify" in the Historical Data Chart.

Historical Data Chart has been revised to complete E. (Also on Attachment 13; pg. 17-R)

### **Projected Data Chart**

Please indicate the number of resident days projected in Year One and Year Two on line A. Utilization Data in the Projected Data Chart. Please revise and resubmit.

Response: Projected Data Chart has been revised to show the estimated resident days for Year One and for Year Two. (See Attachment 14; pg. 18-R)

Please clarify the reason revenue and expenses will decrease in Year Two.

Response: We expect our funding rates will be based on actual cost. Year One includes the cost to furnish the home with furniture, cookware, appliances, linens, towels and decorations. Our funding will be increased due to these costs. In year two we will not have these cost and our expenses and income will be decreased.

Why are supplies declining from \$139,000 in Year One to \$33,000 in Year Two?

**September 23, 2015****12:18 pm**

Mr. Mike McElhinney  
September 22, 2015  
Page 12

Response: Supplies include the cost to furnish the home with furniture, cookware, appliances, linens, towels and decorations. Year Two will not have these cost therefore the expense will decrease in Year Two.

Where are the 4 resident's dietary meals accounted for in the Projected Data Chart?

Response: The dietary meals for the four residents are included under D.3. Supplies in the Projected Data Chart.

Please complete "Sections B. Revenue from Services to Patients" and "C. Deductions from Gross Operating Revenue" and resubmit.

Response: We have revised the Projected Data Chart and have completed both "Sections B. Revenue from Services to Patients" and "C. Deductions from Gross Operating Revenue". The revised Projected Data Chart is attached. (Also Attachment 14; pg 18-R)

The Projected Data Chart shows no Provision for Charity Care and/or Bad Debt. Please explain.

Response: We have a \$50,000 Allowance for Doubtful Accounts on our balance sheet under accounts receivable. Our CPA reviews this each year and feels it is sufficient. We expect TennCare will fund this project and we will not need to increase the allowance. We have not and do not expect to provide charity care therefore Charity Care is not funded.

There appears to be calculation errors in Year One and Year Two of the Projected Data Chart. Please correct and resubmit.

Response: The Project Data Chart has been revised to correct the calculation errors.

Why is the "inpatient revenue in B.1 Inpatient Services" in the amounts of \$1,066,000 and \$957,000 the same as "Total operating expenses" in Year One and Year Two?

Response: We expect our funding rates will be based on our expenses and that our funding rates will be 100% of our expenses. Please note our Projected Data Chart has been revised and the amounts of \$1,066,000 and \$957,000 for "inpatient revenue in B.1 Inpatient Services" has been changed to \$1,155,386 and \$1,046,704. (Also Attachment 14; pg 18-R)

Please complete the Projected Data Chart section that shows net operating income (loss) in Year One and Year Two.

Response: The Project Data Chart has been revised to show net operating income (loss) for Year One and for Year Two.

If the applicant is a non-profit, why is there a \$60,000 tax expense in Year One and \$54,000 in Year Two?

Response: The tax expense is an ICF tax that is paid to the State of Tennessee. The tax is currently 5.5% and it is based on the amount of funds we receive each month from the State for the ICF services we provided in prior months.

On page 7 of the application the applicant indicates there will be a management entity. If so, are the management fees captured in the Projected Data Chart?

Response: Not applicable, there is not a management entity.

## **21. Section C. (Economic Feasibility) Item 5**

Your response is noted. Please identify the project's gross charge, average deduction from operating revenue, and average net charge per patient day. The applicant should divide the total patient days in Year One of the Projected Data Chart into the total gross charges, deductions from operating revenue total, and total net charges to calculate the charges.

In addition, please indicate the percentage of resident SSI (supplemental security income) funds that are dedicated for care expenses. Please indicate if SSI is used for rent or for personal care services. In addition, please indicate if client food stamps are used for food expenses. If needed, please revise the projected data chart. Please provide a policy and procedure regarding the use of resident SSI funds and food stamps.

Project's Gross Charge	\$1,155,386
Less Avg Deduction from Operating Revenue	-0-
Net Operating Revenue	\$1,155,386
Total Patient Days in Year One	1,460
Average Net Charge Per Patient Day	\$791.36

### **SSI Funds and Food Stamp Funds:**

The tenant will only receive the amount of the personal allowance from their SSI payment, \$30. The balance of their SSI will be transferred to TennCare by Social Security to pay toward their total care. If the tenant receives more than their personal allowance then Dept. of Human Services will set up a patient liability and the tenant will pay this to the Agency and this patient liability will be deducted by TennCare from the payment made to the Agency by TennCare.

If the tenant receives food stamps these funds will be sent to Michael Dunn Center by Dept. of Human Services. These funds will then be used to purchase food. The food stamp funds will offset the food expenses that are charged to the project. The annual cost report will show the net of the actual food cost and the amount of food stamp revenue.

## **22. Section C. (Economic Feasibility) Item 6.a and 6.b**

Please discuss the proposed per diem charges of the project. In your response, please discuss if reimbursement increases yearly, if the rates are a set rate, and if managed care rates are negotiated with each TennCare MCO.

The per diem charges of the project are based on budgeted expenses for the first year then they are based on actual expenses each year after that. We will send in an annual cost report to the Comptroller's office and they will do a review of this report and then set revised rates based on their review. The reimbursement rates may increase or decrease based on the actual expenses.

Please discuss and compare the proposed charges with similar institutions.

The rates of other institutions are not known. We understand our rates are much lower than the rates of the State of Tennessee's ICF homes.

It is noted the proposed charges will be higher due to certain startup cost for furniture and supplies. Please discuss how these certain start-up costs are negotiated in the reimbursement rate for each TennCare MCO.

We have received itemized bids for the startup cost for furniture and supplies. These bids may be reviewed and discussed as needed.

### **23. Section C. (Economic Feasibility) Item 8**

Using the information in the Projected Data Chart, please discuss how financial viability will be ensured within two years. If financial viability is not achieved, demonstrate the availability of sufficient cash flow.

The applicant states in the ICF/DD criterion that cash reserves will be used until payment is received from TennCare. Please clarify the projected amount of cash reserves that will be needed and discuss the reason why.

We expect to provide two to three months of cash, \$192,564 to \$288,847, to maintain cash flow to insure the success of this project. We also expect payment for services within 45 to 60 days. Michael Dunn Center maintains \$800,000 to \$1,000,000 of cash and the Michael Dunn Foundation has \$2,800,000 of cash and investments that can be accessed if needed. As of 6/30/2015 Michael Dunn Center has \$757,079 of total liabilities and the Foundation only has \$18,921 of total liabilities. We do not expect to make a profit from this project but we do expect to breakeven. The project will be financial viable if we do this. We have a Development Department that is able to raise cash from donations to provide cash for projects like this.

### **24. Section C. (Economic Feasibility) Item 9**

It is noted the applicant projects Year One revenue will be \$1,155,000 coming 100% from Medicaid. Please clarify how this is possible since the Projected Data Chart shows \$1,066,000 in total revenue in Year One.

The Projected Data Chart has been revised. Please see the revised Projected Data Chart. The Year One revenue is \$1,155,000 not \$1,066,000. (Also Attachment 14; pg 18-R)

### **25. Section C. (Economic Feasibility) Item 10**



The applicant has provided audited financial information from the Michael Dunn Center and Michael Dunn Foundation, Inc. Please clarify which organization will be providing cash reserves to fund the project. In addition, please clarify the role of each organization with the proposed project.

Michael Dunn Center will provide cash reserves and if needed Michael Dunn Foundation will provide cash reserves as well. We do not anticipate the need for the Michael Dunn Foundation to provide cash reserves but we have the backing of the Michael Dunn Foundation's Board of Directors for this project.

Michael Dunn Center's role is to manage and operate the project. The Michael Dunn Foundation's role is to financially support Michael Dunn Center.

**26. Section C (Contribution to Orderly Development) Item 3. (Current & Anticipated Staffing)**

A) Provide a staffing chart which includes the following:

	Proposed (FTE)	TN Dept. Workforce Development prevailing wages (Per Hour)
Resident Manager	.5FTE	\$23.77
Qualified MR Professional	.5FTE	\$18.13
RN	.33FTE	\$21.72
LPN	4.4FTE	\$16.78
Direct Support Workers	11.2FTE	\$8.77
Physical Therapist	.04FTE	\$36.08
Occupational Therapist	.04FTE	\$35.03
Speech Therapist	.04FTE	\$31.30
Housekeeping Maintenance and Grounds	.1FTE	\$10.00
Other Central Office Support Personnel	1.0FTE	\$18.54
Total	18.8FTE	\$220.12

B) Are these staffing plans fully reflected in the Projected Data Chart? If not, please incorporate them.

**27. Section C (Contribution to Orderly Development) Item 4**

What are the staffing requirements for the proposed project according to licensure rules? Response: W187 (Rev. 144, Issued: 08-14-15, Effective: 08-14-15, Implementation: 08-14-15) §483.430(d)(3) Direct care staff must be provided by the facility in the following minimum ratios of direct care staff to clients: (i) For each defined residential living unit serving children under the age of 12, severely and profoundly retarded clients, clients with severe physical disabilities, or clients who are aggressive, assaultive, or security risks, or who manifest severely hyperactive or psychotic-like behavior, the staff to client ratio is 1 to 3.2. (ii) For each defined residential living unit serving moderately retarded clients, the staff to client ratio is 1 to 4. (iii) For each defined residential living unit serving clients who function within the range of mild retardation, the staff to client ratio

is 1 to 6.4. Guidance §483.430(d)(3) The minimum ratios in this standard indicate the minimum number of direct-care staff that must be present and on duty, 24 hours a day, 365 days a year, for each discrete living unit. For example, to calculate the minimum number of living unit staff that must be present and on duty in a discrete living unit serving 16 individuals with multiple disabilities: divide the number of individuals "16," by the number corresponding to the regulation "3.2," the result equals "5." Therefore, the facility must determine how many staff it must hire to ensure that at least 5 staff will be able to be present and on duty during the 24 hour period in which those individuals are present. Using the living unit described above, "calculated over all shifts in a 24-hour period" means that there are present and on duty every day of the year: one direct care staff for each eight individuals on the first shift (1:8), one direct care staff for each eight individuals on the second shift (1:8), and one direct care staff for each 16 individuals on the third shift (1:16). Therefore, there are five (5) direct care staff present and on duty for each twenty-four hour day, for 16 individuals. The same calculations are made for the other ratios, whichever applies. Determine if absences of staff for breaks and meals results in a pattern of prolonged periods in which present and on-duty staff do not meet the ratios. (Copied from Appendix J) [https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/som107ap\\_j\\_intermcare.pdf](https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/som107ap_j_intermcare.pdf)

What will be the resident to staff ratio?

Response: The minimum number of staff to client ratio will be 1 staff to 4 clients, with a usual pattern of 2 staff to 4 clients at night (11pm-7am) and 3-4 staff for 4 clients during all other hours depending on their specific needs.

## **28. Section C (Contribution to Orderly Development) Item 5**

Please address this question toward the Department of Intellectual and Developmental Disabilities requirements for the proposed service.

Please provide a general overview of your credentialing process. In your response please indicate the frequency of credentialing and recredentialing providers, and who is responsible for the overall process. In addition, please verify the credentialing standards the facility will be adhering to such as NCQA (National Committee on Quality Assurance) or CARF (Commission on Accreditation of Rehabilitation Facilities). Also, please indicate if there will be a credentialing process for contracted licensed providers who will be providing direct residential care. Please indicate if the NPDB (National Practitioner Databank) will be used to verify in-house and contracted provider's credentials.

Response: DIDD does not require any type of credentialing at this time. MDC is not credentialed at this time.

## **29. Section C (Contribution to Orderly Development) Item 6**

Please provide the referenced training contract.

Response: MDC utilizes Relias online training for the majority of our training. DIDD provides training as requested. MDC also teaches classes as needed.

## **30. Section C (Contribution to Orderly Development) Item 7**

Please clarify who is the Department of Health and Safety? What role does this Agency have in the proposed project?

Response: This should have read "Department of Health" and was an error. Department of Health will oversee DIDD in the survey process prior to opening the home.

Please verify that applicant has reviewed and understands all applicable licensure requirements.

The most recent Department of Health and Human Services Center for Medicare and Medicaid Services licensure inspection of the Michael Dunn Center's Julia Cailliquette Center is noted. Please provide a letter from licensure that the corrective action plan as a result of the July 30, 2014 survey was accepted.

*Response: Acceptance letters were not sent out from DIDD for 2014 surveys for any agency. Attempts have been made via email to secure such a letter and no response was received. (See Attachment 15)*

Please provide the latest State of Tennessee Department of Intellectual and Developmental Disabilities licensure inspection of the Michael Dunn Center's Julia Callouette Center. (See Attachment 16; pg 2 of 5) Last inspection was 2014.

Please also provide the most recent licensure survey for the LaCroix Home located in Rockwood, TN and the Leda Herron Home located in Kingston, TN.  
(See Attachment 17; pg 3 of 5 for LaCroix and Attachment 16; pg 4 of 5 for Herron Home)

### **31. Section C (Contribution to Orderly Development) Item 8 and 9**

The response of "NA" is noted. However, these questions are applicable. Please provide a narrative response that clearly addresses the 2 questions.

Response: #8- There are no final orders or judgments against Michael Dunn Center, Michael Dunn Foundation, Hope Haven Corporation, or any entity within. There are no other entities with more than 5% interest in this project.

Response: #9- There are no civil or criminal judgments for fraud or theft against Michael Dunn Center, Michael Dunn Foundation, Hope Haven Corporation, or any entity within. There are no other entities with more than 5% interest in this project.

### **32. Project Completion Forecast Chart**

Please enter the agency initial decision date on the top of the Project Completion Forecast Chart and resubmit a replacement page. (See Attachment 18; pg22)

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60<sup>th</sup>) day after written Notification is Friday, November 13, 2015. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The



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supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart  
Health Services Development Examiner

PME



**Certificate of Need Request for Supplemental Information List of Attachments****Michael Dunn Center – Lacroix Home**

1. Lease (5 pages)
2. Page 7-R
3. Page 8-R
4. Michael Dunn Foundation Financial Statement (19 pages)
5. Project Cost Chart
6. Page 13-R
7. Property Plot
8. Location Map
9. House Plan
10. Map showing all ICF's in the county
11. Project Cost Chart (Duplicate attachment)
12. Letter from VP of Finance with 2 Balance Sheets (3 pages)
13. Historical Data Sheet- R (1 page)
14. Projected Data Chart-R (1 page)
15. Email showing the attempt to receive Plan of Correction Approval
16. Licensure Survey reports for existing ICF's (Caillouette and Herron) (5 pages)
17. Licensure Survey report for Lacroix home (5 pages)
18. Project Completion Chart – Revised with Date
19. Affidavit

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**LEASE**

THIS LEASE is hereby made and entered into on this the January 1, 2016 by and between Hope Haven Inc., hereinafter called "Lessor", and Michael Dunn Center hereinafter called "Lessee", at Kingston, Tennessee.

**WITNESSETH:**

Lessor, for and in consideration of the rents, covenants, agreements and conditions herein contained, does hereby lease and demise unto Lessee, for the term hereinafter specified, the real property situated at 313 Michael Dunn Dr., Rockwood, Tennessee, together with all appurtenances thereon, hereinafter called the "Leased Premises". The covenants, terms and conditions of this Lease are as follows:

1. **Term.** This Lease shall be for a term of twelve (12) months to commence on January 1, 2016 and to end on December 31, 2016 with the option to the Lessee of renewing the lease for another 29 years. The lease shall be terminable on sixty (60) days written notice served by the Lessee on the Lessor.

2. **Rent.** Lessee agrees to pay, without demand, to Lessor as rent for the Leased Premises the sum to be determined by appraisal but estimated to be 3,500 dollars per month in advance on or before the first day of each calendar month beginning January 2016. Rent shall be payable at 629 Gallaher Road, Kingston, Tennessee 37763, or at such other place as Lessor may designate.

3. **Security Deposit.** No security deposit will be required with this Lease.

4. **Quiet Enjoyment.** Lessor covenants that on paying the rent and performing the covenants herein contained, Lessee shall peacefully and quietly have, hold and enjoy the Leased Premises for the agreed term.

5. **Use of Leased Premises.** The Leased Premises shall be used and occupied by Lessee exclusively as a residential setting, and neither the Leased Premises nor any part thereof shall be used at any time during the term of this Lease, or any holdover period, by Lessee for the purpose of carrying on commercial business, or for any purpose other than as a residential setting. Lessee shall comply with all restrictions, sanitary laws, ordinances, rules and orders of appropriate governmental authorities

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affecting the cleanliness, occupancy and preservation of the Leased Premises, and the sidewalks connected thereto, during the term of this Lease.

6. **Condition of Leased Premises.** Lessee stipulates that he[*she*] has examined the Leased Premises, including the grounds and all buildings and improvements, and that they are at the time of this Lease, in good order, repair and in a safe, clean and tenantable condition.

7. **Assignment and Subletting.** Without the prior written consent of Lessor, Lessee shall not assign this Lease or sublet or grant any concession or license to use the Leased Premises, or any part thereof. A consent by Lessor to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession or license. An assignment, subletting, concession or license without the prior written consent of Lessor, or an assignment or subletting by operation of law, shall be void and shall, at Lessor's option, terminate this Lease.

8. **Alterations and Improvements.** Lessee shall make no alterations, additions or improvements, including but not limited to painting of and attachment of wall furnishings to the house (building) which is part of the Leased Premises, without the prior consent of Lessor, except that Lessee may reasonably hang wall furnishings requiring only light picture hooks without Lessor's consent.

9. **Maintenance and Repair.** Lessee shall at his[*her*] sole expense, keep and maintain the Leased Premises and appurtenances, in as good condition and repair during the term of this Lease and any renewals thereof or holdover period, as the condition and repair of the Leased Premises at the commencement of this Lease, ordinary wear and tear and unavoidable casualty excepted, and on termination of this Lease and renewals thereof or of any holdover period, Lessee shall surrender the Leased Premises to Lessor in said condition. Lessee agrees to pay Lessor, upon demand, for any and all loss or damages to the Leased Premises caused by Lessee's misuse, waste or neglect, or that of any of Lessee's employees, family members, agents, visitors, guests, pets, or anyone else under the control of the Lessee, including but not limited to any and all damage to exterior or interior walls, ceilings, floors, windows, lawn, heating or air conditioning apparatus, stove, oven, refrigerator, water heater, disposal, electric lights, shrubs, and any and all other fixtures or appliances on the Leased Premises. Lessee shall promptly notify the Lessor or his[*her*] leasing representative, of any accident to or defect in the water pipes, gas pipes, electric light wires, heating or air conditioning systems, fixtures, or appliances. It is agreed that Lessor shall not be liable in damages for any temporary breakdown of said facilities or discontinuance of services provided by said facilities. Lessor may deduct any amounts due from the Lessee under this paragraph from the security deposit. Lessee agrees to take all reasonable steps to protect plumbing during freezing weather.

10. **Utilities.** Lessee shall be responsible for arranging for and paying for all utility services required on the Leased Premises, including but not limited to electricity, sewer, cable television, telephone service and the added fee for use of the security light.

11. **Casualty to Leased Premises.** If the Leased Premises or any part thereof, shall be damaged or destroyed by fire, tornado, or other casualty not due to Lessee's negligence

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or willful act or that of any of his[her] employees, family members, agents, or visitors, then Lessee shall give immediate notice of said casualty to Lessor, or his[her] leasing representative. In the event of said casualty, if Lessor shall elect to repair the Leased Premises, then there shall be an abatement of rent corresponding with the time during which, and the extent to which, the Leased Premises are untenable; but, if Lessor should elect not to repair or rebuild said Leased Premises, the term of this Lease shall end and the rent shall be prorated up to the time of the casualty.

12. **Animals.** Lessee shall keep no animals, domestic or otherwise on or about the Leased Premises without the consent of Lessor. Lessee shall be responsible for any damage caused as a result of animals kept by Lessee, including but not limited to damage to trees, shrubs, or to the home.

13. **Liability of Lessor.** Lessor does not warrant the condition of the Leased Premises in any respect, and shall not be liable for any injury to the person or property of Lessee, his[her] family, servants, agents or those claiming under any of them, or for injuries to any other person or property on the Leased Premises arising out of defects in the Leased Premises. Lessee agrees to hold the Lessor harmless against any claims for damages to person or property arising out of injuries to person or property upon the Leased Premises.

14. **Lawn and Shrubs.** Lessee agrees to care for and maintain the lawn and shrubbery.

15. **Surrender of Leased Premises.** At the termination of the Lease or the expiration of the Lease term or of any renewal thereof or of any holdover period, Lessee shall quit and surrender the Leased Premises hereby demised without demand of Lessor in a broom-clean condition.

16. **Default.** If any default is made in the payment of rent, or any part thereof, at the times herein below specified, and Lessee does not pay all amounts due and owing within ten (10) days after written notice of said default is sent by Lessor to Lessee, then the Lease, at the option of the Lessor, shall terminate and be forfeited, and Lessee shall vacate the Leased Premises without further notice or demand. If any default is made in the performance of or compliance with any other term or condition hereof or the Lessee abandons the Leased Premises as set forth in Section 17 just below, the Lease, at the option of Lessor, shall terminate and be forfeited, and Lessee shall vacate the Leased Premises without further demand or notice by Lessor, and Lessor may re-enter and take possession of the Leased Premises without in any way being liable to Lessee. Should this Lease be placed in the hands of an attorney, after default, termination or abandonment, for the enforcement of any rights herein reserved or stipulated, the Lessee agrees to pay reasonable attorneys' fees. Lessee further agrees to pay all costs of collection or costs otherwise occasioned by any default or termination of this Lease or abandonment of the Leased Premises. Lessee shall be liable for all loss (including loss of rents) or damage resulting from such default, termination and/or abandonment.

17. **Abandonment.** If at any time during the term of this Lease, Lessee abandons the Leased Premises or any part thereof, Lessor may at his[her] option, terminate the Lease and/or



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enter the Leased Premises by any means without being liable for any prosecution thereof, and without becoming liable to Lessee for damages of any kind whatsoever. Lessor may, at his[her] discretion, upon default, termination or abandonment, as agent for the Lessee relet the Leased Premises, or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rents payable by virtue of such reletting, and at Lessor's option, hold Lessee liable for any difference between the rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by Lessor by means of such reletting. If Lessor's right of re-entry is exercised following the abandonment of the Leased Premises by Lessee, then Lessor may consider abandoned any personal property remaining on the Leased Premises and may dispose of same in any manner permitted by law and is hereby relieved of all liability for doing so.

18. **Right of Inspection.** Lessor and his[her] agents shall have the right at all reasonable times during the term of this Lease and any renewal thereof and any holdover period to enter the Leased Premises for the purpose of inspecting the Leased Premises and all buildings and improvements thereon. If reasonable, the consent of Lessee shall be secured prior to any such inspections.

19. **Binding Effect.** The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives, and assigns of the parties hereto, and all covenants are to be construed as conditions of this Lease.

20. **Representations.** All representations and statements made by Lessee in connection with this Lease prior to its execution are material to the Lessor's demise of the Leased Premises. On discovery by Lessor of any misrepresentations or false statements made by Lessee in connection with this Lease, said Lease shall, at Lessor's option be terminated, and Lessor shall have all remedies available to him(her) as provided by this instrument or applicable law.

21. **No Waiver.** Failure on the part of the Lessor to terminate the Lease for any default or breach shall not be considered as a waiver of his[her] right of election as to any subsequent breach, the right being a continuing one.

22. **Right to Show.** During the last thirty (30) days of this Lease, or any renewal thereof, or at any time during any holdover period, Lessor and his[her] agents shall have the privilege of showing the Leased Premises to prospective purchasers or tenants.

23. **Pronouns.** Whenever in this Lease a pronoun is used, it shall be construed to represent, embrace and include the masculine, feminine, or neuter gender, and singular or plural, as the case may demand.

24. **Captions.** The captions contained in this Lease are inserted only as a matter of convenience and shall not be construed as defining, limiting, extending, or describing the scope of this Lease, any section hereof, or the intent of any provision hereof.

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25. **Severability.** The terms and provisions hereof are severable such that if any term or provision is declared or found to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining terms and provisions of this Lease.

26. **Taxes and Insurance.** Lessee shall be responsible for paying all real property taxes and assessments on the Leased Premises, and for providing casualty and liability insurance on the Leased Premises. Lessee shall be responsible for providing insurance on the personal property owned by Lessee, and Lessor shall not be responsible for loss of such property owned by Lessee.

27. **Notice.** Except for any notice required under applicable law to be given in another manner, any notice to Lessor provided for in this Lease shall be given by mailing such notice by certified United States mail, return receipt requested, postage prepaid, to the Lessor at the following address: 629 Gallaher Road, Kingston, Tennessee 37763. Any notice to Lessee provided for in this instrument shall be given by mailing such notice in like manner to the Lessee at the following address: 629 Gallaher Road, Kingston, Tennessee 37763. Either party may change his[her] mailing address by giving the other party written notice of the change,

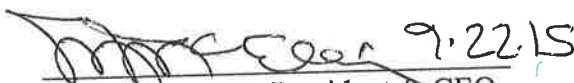
28. **Agency Provider Change.** Lessee will not be required to leave home if another Community Provider is identified, conditioned upon all other requirements of Lease are met.


29. **Entire Contract.** The entire contract between the parties is contained in this instrument.

IN WITNESS WHEREOF, the parties have executed this Lease on the day and date first above written.

LESSOR:

LESSEE:

  
Hope Haven Inc. President & CEO

  
Michael Dunn Center President & CEO

**September 23, 2015****12:18 pm**5. Name of Management/Operating Entity (If Applicable)

Michael Dunn Center (See Attachment 3)  
 Name  
 629 Gallaher Road Roane  
 Street or Route County  
 Kingston TN 37763  
 City State Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One) (See Attachment 4)

- A. Ownership \_\_\_\_\_ D. Option to Lease \_\_\_\_\_  
 B. Option to Purchase \_\_\_\_\_ E. Other (Specify) \_\_\_\_\_  
 C. Lease of 30 Years X

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. Type of Institution (Check as appropriate--more than one response may apply)

- A. Hospital (Specify) \_\_\_\_\_ I. Nursing Home \_\_\_\_\_  
 B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty \_\_\_\_\_ J. Outpatient Diagnostic Center \_\_\_\_\_  
 C. ASTC, Single Specialty \_\_\_\_\_ K. Recuperation Center \_\_\_\_\_  
 D. Home Health Agency \_\_\_\_\_ L. Rehabilitation Facility \_\_\_\_\_  
 E. Hospice \_\_\_\_\_ M. Residential Hospice \_\_\_\_\_  
 F. Mental Health Hospital \_\_\_\_\_ N. Non-Residential Methadone Facility \_\_\_\_\_  
 G. Mental Health Residential Treatment Facility \_\_\_\_\_ O. Birthing Center \_\_\_\_\_  
 H. Mental Retardation Institutional Habilitation Facility (ICF/MR) X P. Other Outpatient Facility (Specify) \_\_\_\_\_  
 Q. Other (Specify) \_\_\_\_\_

8. Purpose of Review (Check) as appropriate--more than one response may apply)

- A. New Institution X G. Change in Bed Complement  
 B. Replacement/Existing Facility \_\_\_\_\_ [Please note the type of change  
 C. Modification/Existing Facility \_\_\_\_\_ by underlining the appropriate  
 D. Initiation of Health Care response: Increase, Decrease,  
 Service as defined in TCA § Designation, Distribution,  
 68-11-1607(4) Conversion, Relocation]  
 (Specify) \_\_\_\_\_ H. Change of Location  
 Other (Specify) Convert a DIDD X  
Res. Hab. Home into an ICF/ IID  
 E. Discontinuance of OB Services \_\_\_\_\_ I. location with 4 beds. \_\_\_\_\_  
 F. Acquisition of Equipment \_\_\_\_\_

**September 23, 2015****12:18 pm****9. Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	<u>0</u>	<u>0</u>	_____	<u>4</u>	<u>4</u>
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	_____	_____	_____	_____	_____

\*CON-Beds approved but not yet in service

10. Medicare Provider Number MDC PTAN # 103q705293  
 Certification Type Multispeciality Clinic or Group Practice

11. Medicaid Provider Number H445387  
 Certification Type ICF/IDD

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.  
 (See Attachment 5)



**September 23, 2015**

**12:18 pm**

MICHAEL DUNN FOUNDATION, INC.

FINANCIAL STATEMENTS  
WITH  
SUPPLEMENTAL FINANCIAL  
INFORMATION

JUNE 30, 2014 AND 2013

*MICHAEL DUNN FOUNDATION, INC.*

*TABLE OF CONTENTS*

*JUNE 30, 2014 AND 2013*

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CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage  
Marie I. Niekerk  
Josh Stone  
Earl O. Wright - 1988 - 2002

Stephen J. Parsons - Retired  
Catherine R. Hulme  
Rebecca Hutsell  
William R. Scandlyn - 1988 - 1999

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Michael Dunn Foundation, Inc.  
Kingston, Tennessee 37763

We have audited the accompanying financial statements of Michael Dunn Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

The June 30, 2013 financial statements of the Michael Dunn Foundation Inc. were reviewed by us and our report thereon dated November 18, 2013, stated we were not aware of any material modifications that should have been made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

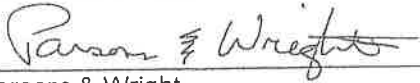
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michael Dunn Foundation, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**September 23, 2015****12:18 pm****Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules listed in the table of contents as Supplemental Financial Information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Parsons & Wright  
Certified Public Accountants  
Kingston, Tennessee

September 25, 2014

MICHAEL DUNN FOUNDATION, INC.  
FINANCIAL STATEMENT INFORMATION  
JUNE 30, 2014 AND 2013

**September 23, 2015****12:18 pm**

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

ASSETS

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CURRENT ASSETS</b>		
Cash	\$ 832,166	\$ 567,246
Certificate of Deposit	192,093	257,893
Accounts Receivable	150	8,450
<i>Total Current Assets</i>	<u>\$ 1,024,409</u>	<u>\$ 833,589</u>
<b>RESTRICTED ASSETS</b>		
Permanently Restricted Cash - Steed Estate*	\$ 303,243	\$ 303,243
<i>Total Restricted Assets</i>	<u>\$ 303,243</u>	<u>\$ 303,243</u>
<b>OTHER ASSETS</b>		
Investments	\$ 1,743,313	\$ 1,637,332
Utility Deposits	500	500
<i>Total Other Assets</i>	<u>\$ 1,743,813</u>	<u>\$ 1,637,832</u>
<b>FIXED ASSETS</b>		
Land	\$ 336,912	\$ 336,912
Building	2,021,588	1,821,588
Equipment	862	862
Improvements	212,608	174,207
Less Restricted Fixed Assets	0	0
<i>Total</i>	<u>\$ 2,571,970</u>	<u>\$ 2,333,569</u>
Less Accumulated Depreciation	<u>(455,256)</u>	<u>(369,333)</u>
<i>Net Fixed Assets</i>	<u>\$ 2,116,714</u>	<u>\$ 1,964,236</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,188,179</u>	<u>\$ 4,738,900</u>

\* This represents the original contribution. The balance of the account has been included in Investments.

**September 23, 2015****12:18 pm**

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

LIABILITIES AND NET ASSETS

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 159,760	\$ 32,206
<i>Total Current Liabilities</i>	<u>\$ 159,760</u>	<u>\$ 32,206</u>
<b>OTHER LIABILITIES</b>		
Liability to beneficiaries of split-interest agreements	\$ 26,175	\$ 33,560
<i>Total Other Liabilities</i>	<u>\$ 26,175</u>	<u>\$ 33,560</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 185,935</u>	<u>\$ 65,766</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 4,648,860	\$ 4,318,750
Temporarily Restricted	50,141	51,141
Permanently Restricted	303,243	303,243
<i>Total Unrestricted and Restricted Net Assets</i>	<u>\$ 5,002,244</u>	<u>\$ 4,673,134</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 5,002,244</u>	<u>\$ 4,673,134</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,188,179</u>	<u>\$ 4,738,900</u>

The accompanying notes are an integral part of these financial statements.

**SUPPLEMENTAL #1****September 23, 2015****12:18 pm**

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Interest Income	\$ 409	\$ 1,075
Donations-Individuals	70,339	67,602
Donations-Businesses	208,505	20,235
Grant Income	50,000	0
Fund Raising	33,650	37,862
Rental Income	114,681	99,600
Gain on Sale of Property	0	(44,029)
Investment Return	105,981	16,888
<i>Total Revenues and Gains</i>	<u>\$ 583,565</u>	<u>\$ 199,233</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Restrictions Satisfied by Payments	\$ 0	\$ 0
<i>Total Unrestricted Revenues, Gains and Other Support</i>	<u>\$ 583,565</u>	<u>\$ 199,233</u>
<b>EXPENSES</b>		
Cost of Fund Raising	\$ 7,994	\$ 10,587
Depreciation Expense	85,923	69,443
Rental Expense	12,937	15,963
Legal and Professional	4,255	3,425
Donation to the Michael Dunn Center	142,992	0
Miscellaneous Expense	354	3,703
<i>Total Expenses</i>	<u>\$ 254,455</u>	<u>\$ 103,121</u>
<i>Increase/(Decrease) in Unrestricted Net Assets</i>	<u>\$ 329,110</u>	<u>\$ 96,112</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Donations - Individual	\$ 0	\$ 1,000
Restrictions Satisfied by Payments	0	0
<i>Increase/(Decrease) in Temporarily Restricted Net Assets</i>	<u>\$ 0</u>	<u>\$ 1,000</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 329,110</u>	<u>\$ 97,112</u>

The accompanying notes are an integral part of these financial statements.



**September 23, 2015****12:18 pm**

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF CHANGES IN NET ASSETS  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
UNRESTRICTED NET ASSETS		
Total Unrestricted Revenues and Gains	\$ 583,565	\$ 243,262
Total Net Assets Released from Restrictions		0
Total Expenses	<u>(254,455)</u>	<u>(147,150)</u>
<i>Increase/(Decrease) in Unrestricted Net Assets</i>	<u>\$ 329,110</u>	<u>\$ 96,112</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	\$ 0	\$ 1,000
Net Assets Released from Restrictions	<u>0</u>	<u>0</u>
<i>Increase/(Decrease) in Temporarily Restricted Net Assets</i>	<u>\$ 0</u>	<u>\$ 1,000</u>
INCREASE/(DECREASE) IN NET ASSETS	\$ 329,110	\$ 97,112
NET ASSETS AT BEGINNING OF YEAR	<u>4,673,134</u>	<u>4,576,022</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 5,002,244</u></u>	<u><u>\$ 4,673,134</u></u>

The accompanying notes are an integral part of these financial statements.

**September 23, 2015****12:18 pm**

MICHAEL DUNN FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
JUNE 30, 2014 AND 2013

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 329,110	\$ 97,112
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	85,923	69,443
Non-Cash Donation	(200,000)	0
(Gain)/Loss on Sale of Property	0	44,029
(Gain)/Loss on Investments	0	0
<i>Changes in Assets and Liabilities:</i>		
(Increase) Decrease in Accounts Payable	127,554	0
(Increase) Decrease in Accounts Receivable	8,300	(50)
(Increase) Decrease in Prepaid Insurance	0	2,750
Increase (Decrease) in Earnest Deposit	0	32,206
Increase (Decrease) in Liability to Beneficiaries of Split-Interest Agreements	(7,385)	(7,386)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$ 343,502	\$ 238,104
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Short-term Investments, Net	\$ 0	\$ 13,771
(Increase)/Decrease in Investments	(105,981)	(16,888)
Payments for Purchase of Fixed Assets	(38,401)	(312,736)
Proceeds from Sale of Fixed Assets	0	0
<i>Net Cash Provided by (Used for) Investing Activities</i>	\$ (144,382)	\$ (315,853)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 199,120	\$ (77,749)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	825,139	902,888
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,024,259	\$ 825,139
<i>Reconciliation of Cash Accounts</i>		
Cash	\$ 832,166	\$ 567,246
Certificate of Deposit	192,093	257,893
Permanently Restricted Cash	0	0
	\$ 1,024,259	\$ 825,139

The accompanying notes are an integral part of these financial statements.

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE A - THE REPORTING ENTITY**

This financial statement is intended to reflect the assets, liabilities and results of operations of Michael Dunn Foundation, Inc. (the Foundation) only. It is a separate corporation from Michael Dunn Center, Inc.

The Foundation was chartered April 7, 1984, as a nonprofit corporation to assist in providing funds for the enhancement of the developmentally disabled. The Foundation is governed by a board of directors.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES***1. Basis of Accounting*

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Foundation uses the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

*2. Buildings and Equipment*

Buildings and equipment are capitalized at cost. Depreciation has been calculated using the straight-line method with the following lives:

Buildings / Residential Houses .....	30 years
Furniture and Equipment .....	10 years

Additions, improvements, renewals, and expenditures for maintenance that add significantly to productive capacity or extend the life of the asset are capitalized. Any interest cost incurred in the construction of fixed assets is capitalized. Assets are recorded at cost or fair market value if contributed. The cost of maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and related depreciation are removed from the accounts and a gain or loss, if any, is reflected in the earnings for the period. An asset will only be capitalized when it has a cost of greater than \$5,000 and an estimated useful life of three years or greater.

*3. Cash In Bank*

The carrying value of cash in bank total of \$1,024,259 and \$825,139 as of June 30, 2014 and 2013, respectively, consists of:

ACCOUNT DESCRIPTION	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
Demand Deposit Accounts	\$ 832,139	\$ 567,219
Certificate of Deposit	192,093	257,893
Savings	27	27
<b>TOTAL CASH IN BANK</b>	<b>\$ 1,024,259</b>	<b>\$ 825,139</b>

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - Continued

3. *Cash In Bank - Continued*

All accounts are listed in the name of Michael Dunn Foundation, Inc. as of June 30, 2014 and 2013, the bank balance of \$1,024,259 and \$825,139 was on deposit with three different financial institutions of which \$500,027 and \$498,526 was covered by FDIC and \$524,232 and \$326,613 was covered through the Tennessee Collateral Pool, respectively.

4. *Investments*

Investments consist of securities traded on national stock exchanges. Investments are reported at fair market value in accordance with FASB ASC 958-320 (formerly SFAS No. 124, Accounting for Certain Investments Held by Not-for-profit Organizations). Investments in equity securities with readily determinable values are measured at fair value based on quoted market prices in active markets (all Level 1 inputs) in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included as a component of unrestricted activity unless the income or loss is restricted by the donor. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported in the carrying amounts, which reasonably estimate fair value.

5. *Income Tax Status*

The Foundation has qualified as a publicly supported organization exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

6. *Cash Flow Statement*

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments (including restricted cash) with a maturity of three months or less when purchased to be cash equivalents. There was no interest or tax paid for the years ending June 30, 2014 and June 30, 2013.

7. *Donated Materials and Services*

Donated materials or equipment, when received are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. The entity does not recognize any revenue or expense from services provided by volunteers.

8. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. *Reclassification*

Certain items shown in the previously issued financial statements have been reclassified into different categories in these financial statements to better present the Foundation's information.

10. *Assets Held Under Split-Interest Agreements*

The Foundation received contributions in which the donor may retain a life interest. The assets are invested and administered by the Foundation and distributions are made to the beneficiaries under the terms of the agreement. These funds are generally invested in mutual funds, stocks, or government securities, and the

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES - Continued**

*10. Assets Held Under Split-Interest Agreements - Continued*

Foundation records its interest at fair value. Initial recognition and subsequent adjustments to the assets' carrying values are reported as a change in value of split-interest agreements in the accompanying financial statements.

Obligations under split-interest agreements, including charitable remainder trusts, are recorded when incurred at the present value of the anticipated distributions to be made to the donor-designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specific period. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Obligations under split-interest agreements may be revalued annually at June 30 to reflect actuarial experience; the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest agreements.

**NOTE C - INVESTMENTS**

Concentrations of credit risk with respect to investments is due to the fact that the Foundation's investments are uninsured and are subject to market fluctuations. Investment securities are exposed to various risks, such as interest rate and market & credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the accompanying financial statements. However, most of the investments are invested with a long-term strategy, and overall gains are anticipated over the long-term.

The investment funds are presented at fair value based on quoted market prices (all Level 1 measurements) and consist of the following:

Investment funds are made up on the following:

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>INVESTMENT FUNDS</b>		
Money Market	\$ 285,750	\$ 345,073
Government Securities	745,901	1,131,928
Mutual Funds	271,430	203,579
Corporate Bonds	351,554	137,370
Stocks	391,921	122,625
<b>TOTAL INVESTMENT FUNDS</b>	<u>\$ 2,046,556</u>	<u>\$ 1,940,575</u>
<b>INVESTMENTS RECONCILIATION</b>		
Permanently Restricted Assets	\$ 303,243	\$ 303,243
Investments	<u>1,743,313</u>	<u>1,637,332</u>
<b>TOTAL INVESTMENTS</b>	<u>\$ 2,046,556</u>	<u>\$ 1,940,575</u>

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE C – INVESTMENTS – Continued**

Investment returns are made up of the following:

	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
<b>INVESTMENT RETURNS</b>		
Gain (Loss) on Sale of Investments	\$ 17,253	\$ 14,329
Unrealized Gain (Loss) Investments	36,659	(57,587)
Dividends	58,207	67,443
Investment Expense	(6,138)	(7,297)
<b>TOTAL INVESTMENT GAIN/(LOSS)</b>	<b>\$ 105,981</b>	<b>\$ 16,888</b>

**NOTE D - RESTRICTED ASSETS**

Permanently restricted net assets are donations that are restricted in terms of the principal. Temporarily restricted net assets are available for split-interest agreements.

**NOTE E - INSURANCE**

It is the policy of the organization to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE F - NET ASSETS**

Net assets represent the difference between a nonprofit organization's assets and liabilities. In accordance with FASB ASC 958-205 (formerly known as SFAS No. 117) net assets are classified into one of the following three categories depending on the absence or presence and nature of donor-imposed restrictions.

CATAGORIES OF ASSETS	JUNE 30, 2014 (AUDITED)	JUNE 30, 2013 (UNAUDITED)
a. Unrestricted Net Assets, which are not restricted by donors or by law.	\$ 4,648,860	\$ 4,318,750
b. Temporarily Restricted Net Assets, whose use has been limited by donor-imposed time restrictions or purpose restrictions.	50,141	51,141
c. Permanently Restricted Net Assets, which have been restricted by donor or by law to be maintained by the organization in perpetuity.	303,243	303,243
<b>TOTAL</b>	<b>\$ 5,002,244</b>	<b>\$ 4,673,134</b>

**NOTE G – FAIR VALUE FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value due to the short maturity of those instruments.



MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE G – FAIR VALUE FINANCIAL INSTRUMENTS- Continued**

Accounts payable – The carrying amount reported in the statement of financial position approximates fair value using applicable mortality tables.

Investments – The fair value of investments in marketable equity and debt securities is based on quoted market prices for identical assets. The valuations of the Foundation's investments according to the fair value hierarchy are all Level 1 inputs.

**NOTE H – RELATED PARTY TRANSACTION**

The Foundation provides funds for the enhancement of the developmentally disabled for Michael Dunn Center. The foundation provides residential housing leases which are cancelable with a term of one year. Land, buildings and equipment under operating leases was \$2,571,970 and \$2,333,569 at June 30, 2014 and 2013, respectively. Accumulated depreciation on assets under operating leases was \$455,256 and \$369,333 at June 30, 2014 and 2013, respectively. The residential houses are leased by a related party, the Michael Dunn Center. As of June 30, 2014 the annual rent payments are \$117,600.

The Foundation received a donation of land valued at \$200,000 in August 2013 from the Industrial Development Board of Roane County. The Michael Dunn Center is located on this land.

**NOTE I – SPLIT-INTEREST AGREEMENT**

The Foundation administers a charitable remainder trust. The charitable remainder trust provides for the payment of distributions to the grantors over the beneficiary's lifetime an amount equal to 7.5% of the initial net fair market value of all the property transferred to the trust. At the end of the beneficiary's lifetime, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits received by the Foundation is recorded in the Statement of Activities as a temporarily restricted contribution in the period the trust is established. Such contributions totaled \$0 at June 30, 2014 and 2013. Assets held in the charitable remainder trusts totaled \$119,538 and \$111,224 at June 30, 2014 and 2013 and are reported at fair market value in the Foundation's Statement of Financial Position. On an annual basis, the Foundation may revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$26,175 at June 30, 2014 and \$33,560 at June 30, 2013) is calculated using the discount rate and actuarial assumptions provided in the Internal Revenue Service guidelines and actuarial tables.

**NOTE J – FAIR VALUE MEASUREMENTS**

The Foundation has adopted FASB-ASC-820 (formerly SFAS No. 157), *Fair Value Measurements*. FASB-ASC-820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable. Level 2 inputs are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Beneficial interest in irrevocable trusts is valued at the fair value of the trust investments, determined by the closing price reported on the active or observable market on which the individual securities that are held in the trust are traded.

MICHAEL DUNN FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

**NOTE K – SUBSEQUENT EVENTS**

The Foundation's management has evaluated events and transactions through September 25, 2014, the date the financial statements are available to be issued for items that should potentially be recognized or disclosed.



MICHAEL DUNN FOUNDATION, INC.

SUPPLEMENTAL INFORMATION

JUNE 30, 2014

**September 23, 2015****12:18 pm**

MICHAEL DUNN FOUNDATION, INC.  
 SCHEDULE OF FIXED ASSETS AND ACCUMULATED DEPRECIATION  
 JUNE 30, 2014

	BALANCE JULY 1, 2013	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2014
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED:</b>				
Land	\$ 336,912	\$	\$	\$ 336,912
<i>Total Capital Assets, Not Being Depreciated</i>	\$ 336,912	\$ 0	\$ 0	\$ 336,912
<b>CAPITAL ASSETS, BEING DEPRECIATED:</b>				
Building	\$ 1,821,588	\$ 200,000	\$	\$ 2,021,588
Improvements	174,207	38,401		212,608
Equipment	862	0	0	862
<i>Total Assets, Being Depreciated</i>	\$ 1,996,657	\$ 238,401	\$ 0	\$ 2,235,058
<b>LESS ACCUMULATED DEPRECIATION FOR:</b>				
Building and Improvements	\$ 368,471	\$ 85,923	\$	\$ 454,394
Equipment	862	0	0	862
<i>Total Accumulated Depreciation</i>	\$ 369,333	\$ 85,923	\$ 0	\$ 455,256
<b>LESS RESTRICTED FIXED ASSETS:</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>CAPITAL ASSETS, NET</b>	\$ 1,964,236	\$ 152,478	\$ 0	\$ 2,116,714

**SUPPLEMENTAL #1****September 23, 2015****12:18 pm**

MICHAEL DUNN FOUNDATION, INC.  
SCHEDULE OF BOARD OF DIRECTORS  
JUNE 30, 2014

NAME	POSITION
Chris Whaley .....	Chairman
Ron Blanchard .....	Board Member
Debbie Alexander-Davis .....	Board Member
Ted Bowers .....	Board Member
Gail Christian .....	Board Member
Richard Evans .....	Board Member
Bill Lueking .....	Board Member
Debbie Norris .....	Board Member
Jim Pinkerton .....	Board Member
Lana Seivers .....	Board Member
John Smith .....	Board Member
Sharon Templeton .....	Board Member
Wayne Tipps .....	Board Member
Judith Tyl .....	Board Member
Harriett Westmoreland .....	Board Member
Mike McElhinney .....	President & C.E.O

## PROJECT COSTS CHART

**SUPPLEMENTAL #1****September 23, 2015****12:18 pm**

SEP 23 12:18 PM '15

## A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees \_\_\_\_\_
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees \$1000
3. Acquisition of Site \_\_\_\_\_
4. Preparation of Site \_\_\_\_\_
5. Construction Costs \_\_\_\_\_
6. Contingency Fund \_\_\_\_\_
7. Fixed Equipment (Not included in Construction Contract) \_\_\_\_\_
8. Moveable Equipment (List all equipment over \$50,000) \$168,104 (See attachment 11)
9. Other (Specify) \_\_\_\_\_

## B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land) \$42,000
2. Building only \_\_\_\_\_
3. Land only \_\_\_\_\_
4. Equipment (Specify) \_\_\_\_\_
5. Other (Specify) \_\_\_\_\_

## C. Financing Costs and Fees:

1. Interim Financing \_\_\_\_\_
2. Underwriting Costs \_\_\_\_\_
3. Reserve for One Year's Debt Service \_\_\_\_\_
4. Other (Specify) \_\_\_\_\_

D. Estimated Project Cost  
(A+B+C)\$211,104

## E. CON Filing Fee

\$3000F. Total Estimated Project Cost  
(D+E)TOTAL \$214,104

**September 23, 2015**  
**12:18 pm**

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

**1. Adult Psychiatric Services-** The individuals moving to Michael Dunn Center from GVDC will have an initial assessment and document review to determine the need of Psychiatric Services. Michael Dunn Center works primarily with two local mental health providers and employs a mental health case manager. In the event an individual does not need psychiatric services upon admission but it is determined later that they could benefit from such services, those services will be sought and obtained in an appropriate amount of time. Behaviors are documented electronically each shift and reports are analyzed by the mental health case manager.

**2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)- NA**

**3. Birthing Center-NA**

**4. Burn Units-NA**

**5. Cardiac Catheterization Services-NA**

**6. Child and Adolescent Psychiatric Services-**

**7. Extracorporeal Lithotripsy-NA**

**8. Home Health Services-NA**

**9. Hospice Services-**

**10. Residential Hospice- NA**

**11. ICF/MR Services-** Michael Dunn Center specializes in the support of individuals with intellectual and developmental disabilities by providing many service areas including eight existing and occupied ICF/ IDD beds. The families and conservators for individuals moving out of GVDC are requesting their family members move only to ICF beds in the community setting. As of July 18<sup>th</sup>, 2015 GVDC was home to 91 individuals needing community placement. The addition of this home will provide community living to four of those individuals whose families have chosen this region for services.

Michael Dunn Centers' ICF beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. These individuals do not have adequate or willing family or conservator supports to reside with their families or they have chosen this more independent lifestyle. The average admission length for the existing eight ICF beds at MDC is 13.75 years, with six of the individuals residing there for 18 years and two of the individuals residing there approximately one year each.

**12. Long-term Care Services**

**13. Magnetic Resonance Imaging (MRI)- NA**

**14. Mental Health Residential Treatment-NA**

**15. Neonatal Intensive Care Unit- NA**

**16. Non-Residential Methadone Treatment Centers- NA**

**17. Open Heart Surgery- NA**

**18. Positron Emission Tomography- NA**

**19. Radiation Therapy/Linear Accelerator- NA**

**20. Rehabilitation Services**

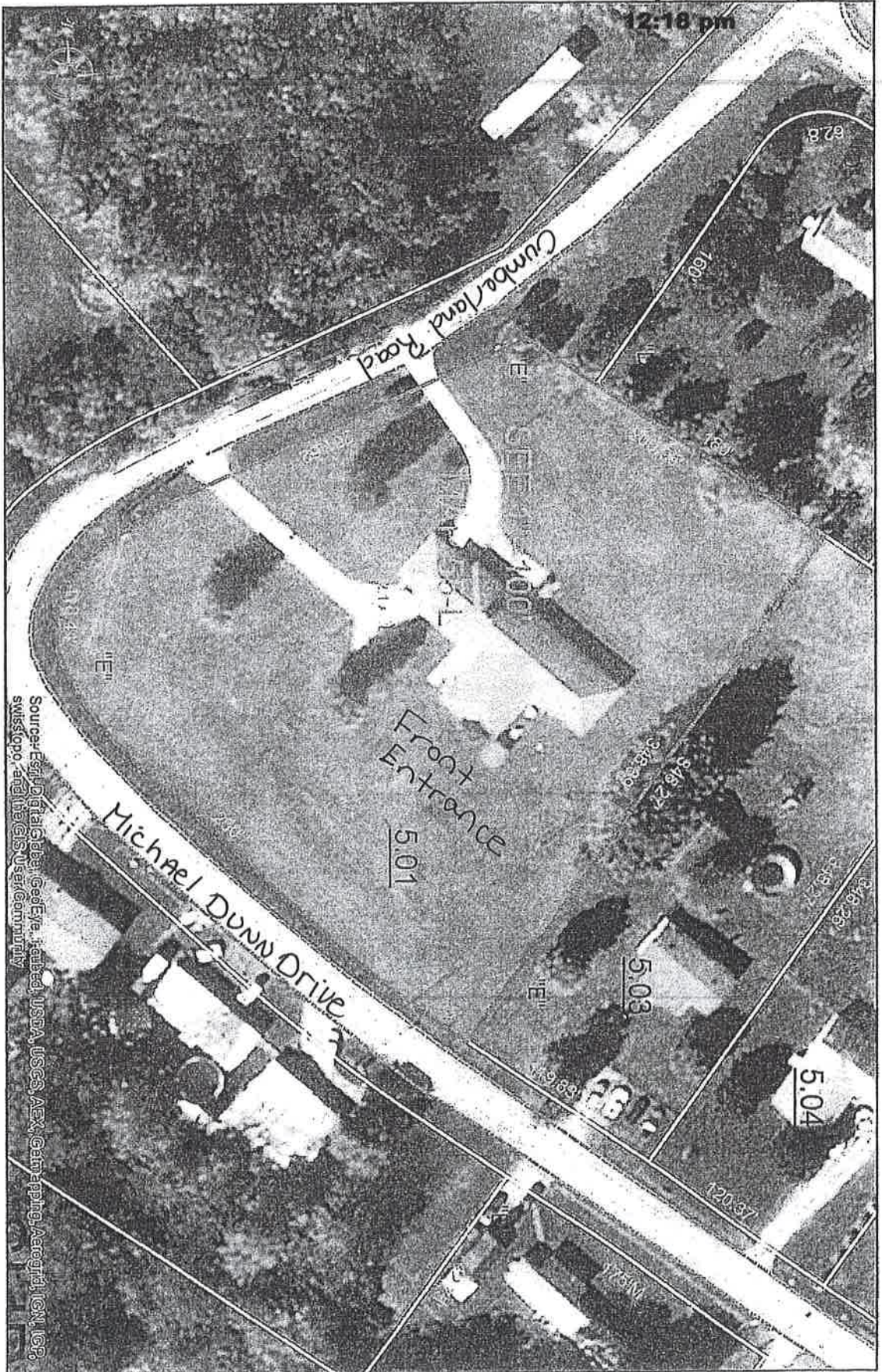
**21. Swing Beds**



September 23, 2015

12:18 pm

313 Michael Dunn Drive

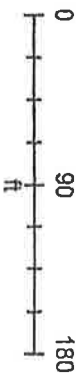


Source: Esri, DigitalGlobe, GeoEye, Earthstar, USDA, USGS, AeroX, GammaLink, AeroGrid, IGN, ICB, SwissTopo, and the GIS User Community

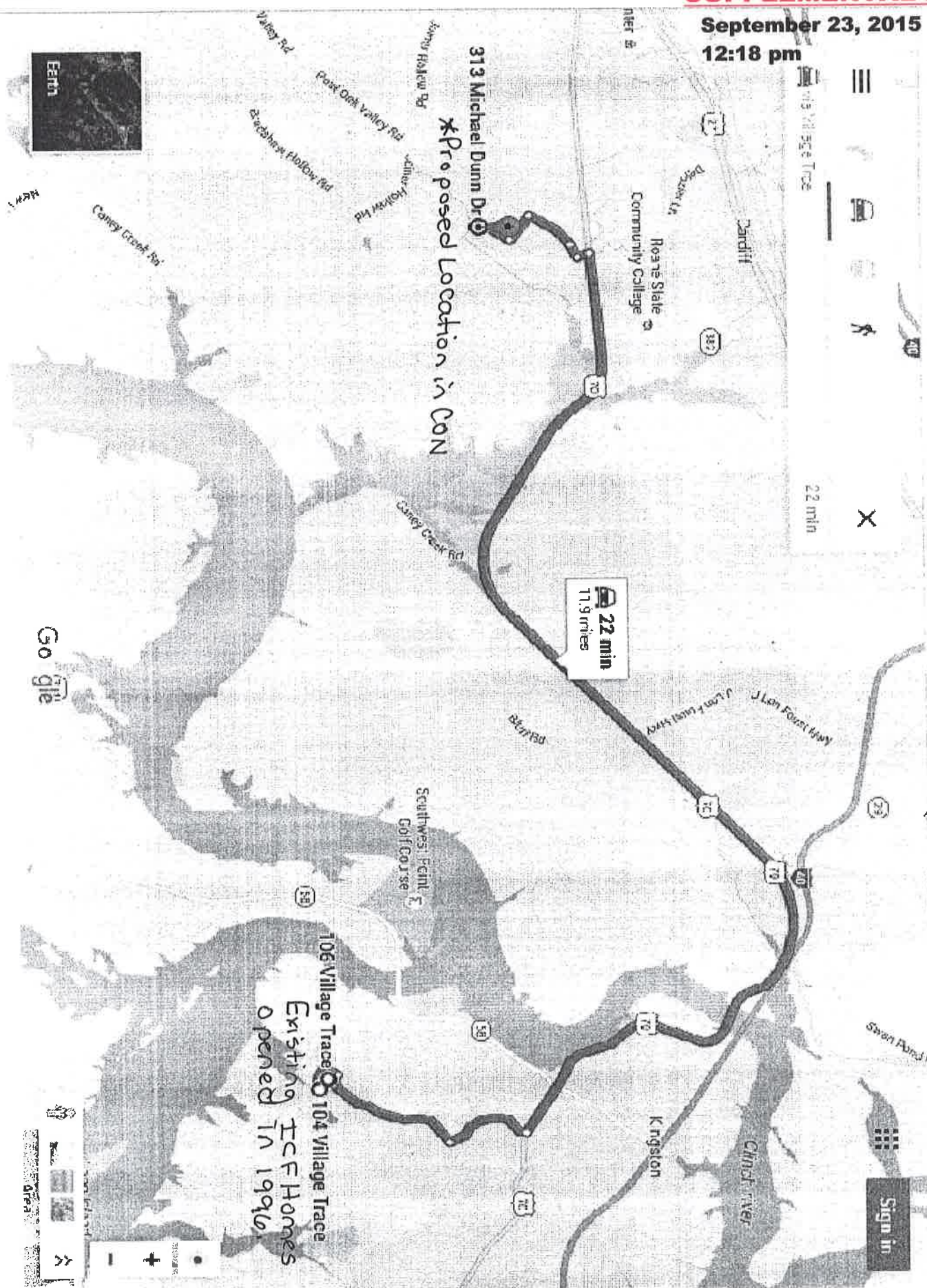
# ROANE COUNTY, TENNESSEE

DISCLAIMER: THIS MAP IS FOR PROPERTY TAX ASSESSMENT PURPOSES ONLY. IT WAS CONSTRUCTED FROM PROPERTY INFORMATION RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS AND IS NOT CONCLUSIVE AS TO LOCATION OF PROPERTY OR LEGAL OWNERSHIP.

MAP DATE: September 4, 2013







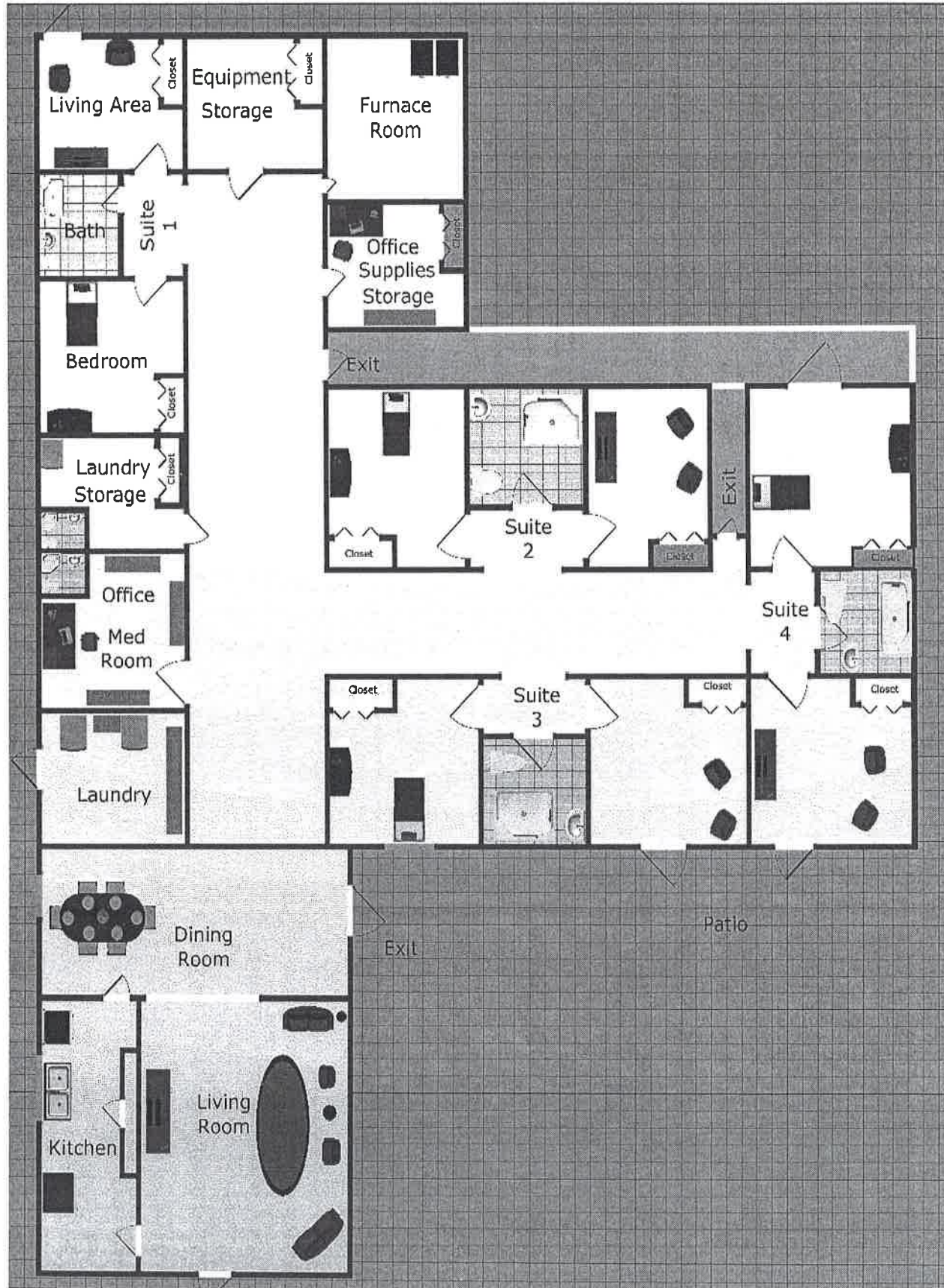


**September 23, 2015**

**12:18 pm**

Proposed La Croix ICF Layout

313 Michael Dunn Drive Rockwood, TN 37854

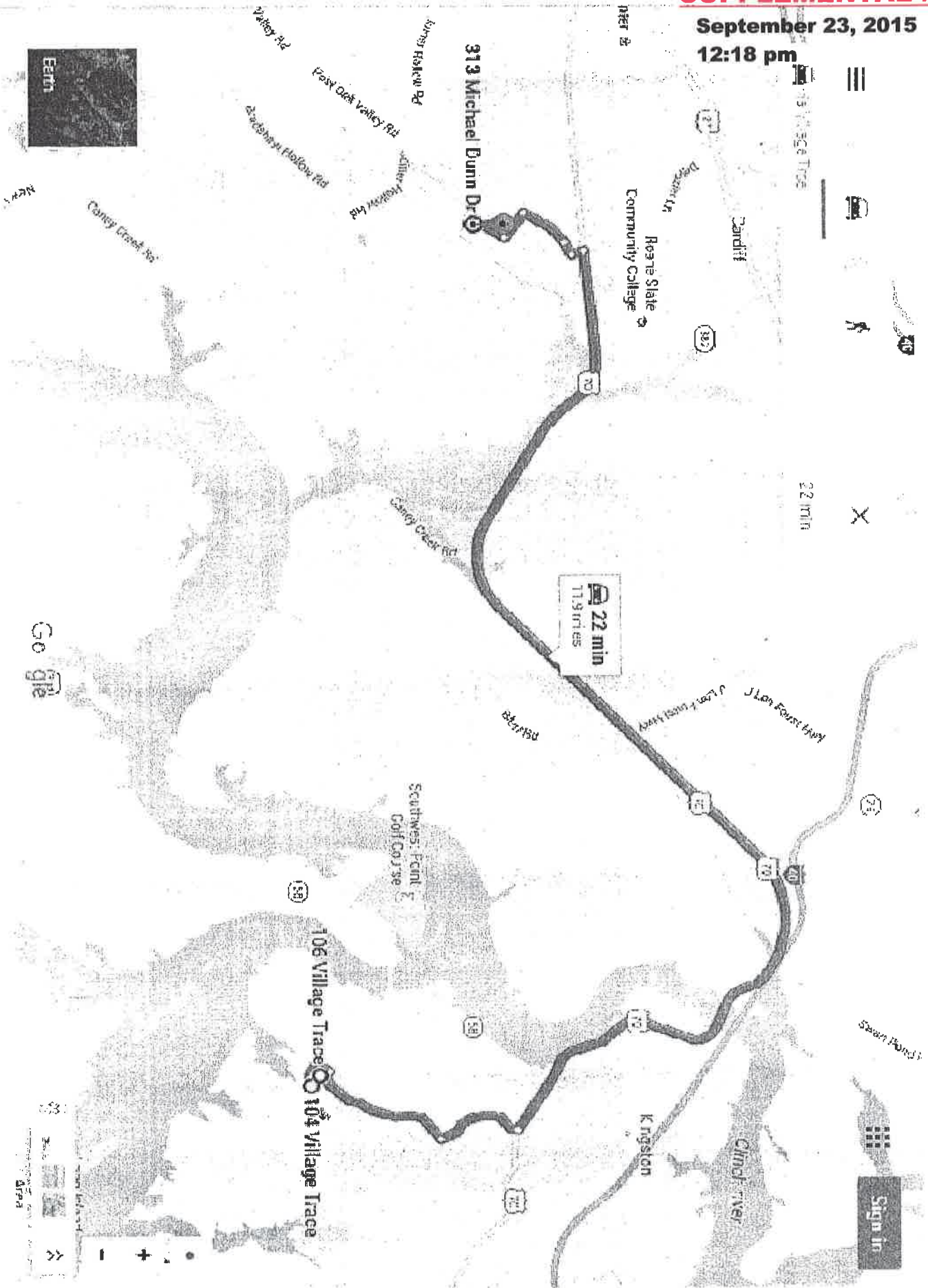




**SUPPLEMENTAL #1**

September 23, 2015

12:18 pm



## PROJECT COSTS CHART

**SUPPLEMENTAL #1****September 23, 2015****12:18 pm**

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$1000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Construction Costs	
6.	Contingency Fund	
7.	Fixed Equipment (Not included in Construction Contract)	
8.	Moveable Equipment (List all equipment over \$50,000)	\$168,104 (See attachment 11)
9.	Other (Specify) _____	
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	\$42,000
2.	Building only	
3.	Land only	
4.	Equipment (Specify) _____	
5.	Other (Specify) _____	
C.	Financing Costs and Fees:	
1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)	
		\$211,104
E.	CON Filing Fee	\$3000
F.	Total Estimated Project Cost (D+E)	
	TOTAL	\$214,104



michael dunn center

**SUPPLEMENTAL #1**

**September 23, 2015**

629 Gallager Road  
Kingston, TN 37763  
(865) 376-3416

www.michaeldunncenter.org

The Michael Dunn Center has or has access to the cash needed to fund the proposed project. Michael Dunn Center maintains a cash balance of \$800,000 to \$1,000,000 and the Michael Dunn Foundation has cash and investments that total around \$2,800,000. The Michael Dunn Foundation's Board of Directors has pledged their financial support if and when Michael Dunn Center needs financial support.

As of 6/30/15 Michael Dunn Center has current assets of \$2,589,140.07 and total liabilities of \$757,079.18.

As of 6/30/15 Michael Dunn Foundation has current assets of \$2,859,539.75 and total liabilities of \$18,920.62.

Balance sheets of both corporations are attached.

A handwritten signature in black ink, appearing to read "Glen Blevins".

Glen Blevins, VP of Finance

**September 23, 2015**

**12:18 pm**

Michael Dunn Center  
Balance Sheet

For the Twelve Months Ending June 30, 2015

YTD

**ASSETS**

Cash and Short Term Investments:

CASH	\$806,875.18
PETTY CASH	800.00
INVESTMENTS	50.00
Total Cash and Short Term Investments	807,725.18

Other Current Assets:

ACCOUNTS RECEIVABLE	1,767,475.39
PREPAID EXPENSES	13,619.50
OTHER CURRENT ASSETS	320.00
Total Other Current Assets	1,781,414.89
Total Current Assets	2,589,140.07

Fixed Assets:

Property Plant & Equipment:

LAND	20,000.00
BUILDINGS	1,910,423.25
EQUIPMENT	601,622.76
VEHICLES	2,068,811.11
Total Property Plant & Equipment	4,600,857.12

Total Accumulated Depreciation	(4,010,081.57)
Net Fixed Assets	590,775.55

Total Assets \$3,179,915.62

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities:

ACCOUNTS PAYABLE	\$199,456.98
WAGES PAYABLE	527,312.33
PAYROLL LIABILITIES	30,309.87
Total Current Liabilities	757,079.18

Total Liabilities 757,079.18

Stockholders' Equity

CURRENT YEAR NET INCOME	77,635.51
FUND BALANCE	2,345,200.93
Total Stockholders' Equity	2,422,836.44

Total Liabilities and Stockholders' Equity \$3,179,915.62

**September 23, 2015****12:18 pm**Michael Dun Foundation  
Balance Sheet

For the Twelve Months Ending June 30, 2015

	<u>YTD</u>
<b>ASSETS</b>	
Cash and Short Term Investments:	
CASH	\$112,316.21
INVESTMENTS	<u>2,736,055.54</u>
Total Cash and Short Term Investments	2,848,371.75
Other Current Assets:	
ACCOUNTS RECEIVABLE	10,668.00
OTHER CURRENT ASSETS	<u>500.00</u>
Total Other Current Assets	11,168.00
Total Current Assets	<u>2,859,539.75</u>
Fixed Assets:	
Property Plant & Equipment:	
LAND	336,912.26
BUILDINGS	2,482,810.07
EQUIPMENT	<u>862.00</u>
Total Property Plant & Equipment	2,820,584.33
Total Accumulated Depreciation	<u>(541,729.35)</u>
Net Fixed Assets	<u>2,278,854.98</u>
Total Assets	<u><u>\$5,138,394.73</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
Current Liabilities:	
ACCOUNTS PAYABLE	<u>\$18,920.62</u>
Total Current Liabilities	18,920.62
Total Liabilities	<u>18,920.62</u>
Stockholders' Equity	
CURRENT YEAR NET INCOME	117,228.25
FUND BALANCE	<u>5,002,245.86</u>
Total Stockholders' Equity	<u>5,119,474.11</u>
Total Liabilities and Stockholders' Equity	<u><u>\$5,138,394.73</u></u>

**HISTORICAL DATA CHART****September 23, 2015****12:18 pm**

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in July (Month).

	Year <u>2012</u>	Year <u>2013</u>	Year <u>2014</u>
A. Utilization Data (Specify unit of measure)	<u>29,618</u>	<u>30,962</u>	<u>30,862</u>
Revenue from Services to Patients			
1. Inpatient Services	<u>\$7,595,000</u>	<u>\$7,931,000</u>	<u>\$8,635,000</u>
2. Outpatient Services	<u>311,700</u>	<u>310,000</u>	<u>2,860,000</u>
3. Emergency Services	<u>0</u>	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Specify) _____	<u>000,316</u>	<u>262,000</u>	<u>104,000</u>
<b>Gross Operating Revenue</b>	<b><u>\$11,028,000</u></b>	<b><u>11,293,000</u></b>	<b><u>11,599,000</u></b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
2. Provision for Charity Care	<u>0</u>	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Deductions</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$11,028,000</u></b>	<b><u>\$11,293,000</u></b>	<b><u>\$11,599,000</u></b>
D. Operating Expenses			
1. Salaries and Wages	<u>\$829,600</u>	<u>\$868,000</u>	<u>\$000,514</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>	<u>0</u>
3. Supplies	<u>58,300</u>	<u>47,800</u>	<u>49,700</u>
4. Taxes	<u>0</u>	<u>0</u>	<u>0</u>
5. Depreciation	<u>97,000</u>	<u>91,000</u>	<u>75,000</u>
6. Rent	<u>0</u>	<u>0</u>	<u>0</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>	<u>0</u>
8. Management Fees:			
a. Fees to Affiliates	<u>0</u>	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>0</u>	<u>0</u>	<u>0</u>
9. Other Expenses (Specify) <u>Occupancy, Travel, Misc.</u>	<u>184,400</u>	<u>1,933,000</u>	<u>1,854,000</u>
<b>Total Operating Expenses</b>	<b><u>\$10,820,000</u></b>	<b><u>\$11,182,000</u></b>	<b><u>\$11,940,000</u></b>
E. Other Revenue (Expenses) – Net (Specify)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 208,000</u></b>	<b><u>\$111,000</u></b>	<b><u>\$(341,000)</u></b>
F. Capital Expenditures			
1. Retirement of Principal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
2. Interest	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$ 208,000</u></b>	<b><u>\$ 111,000</u></b>	<b><u>(341,000)</u></b>



**PROJECTED DATA CHART****September 23, 2015****12:18 pm**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure)	<u>1460 days</u>	<u>1460 days</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$1155386.00</u>	<u>\$1046704.0</u>
2. Outpatient Services	<u>0</u>	<u>0</u>
3. Emergency Services	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Specify) _____	<u>0</u>	<u>0</u>
<b>Gross Operating Revenue</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 0</u>	<u>\$ 0</u>
2. Provision for Charity Care	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>0</u>	<u>0</u>
<b>Total Deductions</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
D. Operating Expenses		
1. Salaries and Wages	<u>\$688971.00</u>	<u>\$702751.00</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>
3. Supplies	<u>138934.00</u>	<u>32640.00</u>
4. Taxes	<u>65399.00</u>	<u>59247.00</u>
5. Depreciation	<u>42026.00</u>	<u>42026.00</u>
6. Rent	<u>42000.00</u>	<u>42000.00</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>
8. Management Fees:		
a. Fees to Affiliates	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>0</u>	<u>0</u>
9. Other Expenses (Specify) <u>Occupancy, travel, admin.</u>	<u>178056.00</u>	<u>168040.00</u>
<b>Total Operating Expenses</b>	<b>\$ <u>1155386.00</u></b>	<b>\$ <u>1046704.00</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$ 0</u>	<u>\$ 0</u>
2. Interest	<u>0</u>	<u>0</u>
<b>Total Capital Expenditures</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>

**Denise Jandro**

**September 23, 2015**

**12:48 pm**

**From:** Denise Jandro  
**Sent:** Thursday, August 27, 2015 4:34 PM  
**To:** 'Holly.tramil@tn.gov'  
**Subject:** 2014 survey question

Hi Holly,

I am completing the CON for the new ICF home that we are working on for some of the individuals from GVDC. None of us seem to have a letter stating that our POC was accepted. Do you have a copy of that letter? Thank you so much.

Denise Jandro, RN  
Director of Health Services  
Michael Dunn Center  
629 Gallaher Rd.  
Kingston, TN 37763

865-376-3416 Ext. 247

**We now have ENCRYPTED EMAIL: Please sign on initially as "First Time User" to establish your own user name and password.**

\*\*\*NOTICE OF CONFIDENTIALITY: The information contained in this message is confidential and may constitute inside or non-public information under international, federal or state laws and is intended only for the use of the addressee(s). Unauthorized forwarding, copying, printing, distributing or using such information is strictly prohibited and may be unlawful. If you are not the addressee, please promptly delete this message and notify the sender of the delivery error by e-mail.



**SUPPLEMENTAL #1**

**September 23, 2015**

**12:18 pm**

**DATE:**  
**FACILITY IN NON-COMPLIANCE:**

April 2, 2014  
Michael Dunn Center  
629 Gallaher Road  
Kingston, TN 37763

**OFFICE OF LICENSURE:**

Elaine Matthews  
Licensure Coordinator  
Department of Intellectual and Developmental Disabilities  
East Tennessee Regional Office of Licensure and Review  
Greene Valley Developmental Center, Hawthorn Building  
PO Box 910  
Greeneville, TN 37744-0910

**EVENT RESULTING IN THIS NOTICE:** Unannounced Inspection March 25-27, 2014

**NOTICE TO LICENSEE:** Your facility has been found to be in non-compliance with the rule(s) listed on the attached Plan of Compliance Form. You must provide a plan for complying with each rule(s) cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date your plan.

Your Plan of Compliance must be returned no later than April 17, 2014 to the address of the State Regional Office of Licensure and Review listed above. If you would prefer, you may submit via email to: Elaine.C.Matthews@tn.gov

**September 23, 2015**

**12:18 pm**

**LICENSURE PLAN OF COMPLIANCE FORM**  
**FACILITY: Michael Dunn Center**

**PLAN OF COMPLIANCE**

Reference Rule Number 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. REVIEW CODE	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
5-.02(3)	Lee Kribbs Building- Workshop Program Rodent droppings were found under the sink/cabinet in the Break Room.		Rodent droppings were cleaned out in the Break Room.	3-31-14
4-.04(2)	629 Gallaher Road Main Building <ul style="list-style-type: none"> <li>The fire door closure hardware chain was not attached to door #43.</li> <li>The exit light in the Community Room was inoperable.</li> <li>The emergency light across from Room #47 was inoperable.</li> </ul>		<ul style="list-style-type: none"> <li>The fire door closure hardware chain to door #43 was properly attached.</li> <li>The exit light in the Community Room was replaced.</li> <li>The emergency light across from Room #47 was replaced.</li> </ul>	3-31-14 4-10-14 4-10-14
5-.02(1)	There was a hole in the bathroom ceiling of #9.		The hole in the bathroom ceiling of Room #9 was repaired.	4-7-14
5-.02(1)	Julie Caillouette The bathroom located in left hallway, left hand side: The towel bar rod was not attached and the right side wall bracket was exposed.		The towel bar rod was replaced in the bathroom located on the left hand side in the left hallway.	3-28-14
5-.03(4)(d)	There was no tub mat in client's bathroom. (S.W.)		A tub mat was placed in the client's bathroom. (S.W.)	3-28-14
Signature of Licensure Reviewer:		Review Date:	Signature of Licensee or Authorized Agent:	Date of Signature: 4/14/14

P.O.C. Review Codes: A= Approved.

AE= Approved With Exception

RR= Rejected-Resubmit

RS= Rejected-Sanction

Plan of Compliance must be returned no later than April 17, 2014 to: State Regional Office of Licensure and Review

Greene Valley Developmental Center, Hawthorne Building

PO Box 910

Greeneville, TN 37744-0910

Attention: Elaine Matthews, Licensure Coordinator

Or by email to: [Elaine.C.Matthews@tn.gov](mailto:Elaine.C.Matthews@tn.gov)

**September 23, 2015**

**12:18 pm**

**LICENSURE PLAN OF COMPLIANCE FORM**  
**FACILITY: Michael Dunn Center**

**PLAN OF COMPLIANCE**

Reference Rule Number 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. REVIEW CODE	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.06(2)(a)	<b>Hope Haven II</b> There was no documentation of the emergency lights tested annually for 90 minutes.		An annual 90 minute test was completed and documented on the March inspection form.	3-31-14
5-.02(1)	The ceiling light in the living room was missing a cover.		The ceiling light in the living room has a new cover.	4-7-14
5-.05(13)	The kitchen trash can did not contain a lid.		The kitchen trash can was replaced with one that contains a lid.	3-28-14
4-.06(2)(a)	<b>Hope Haven III</b> <ul style="list-style-type: none"> <li>The client bedroom door did not self-latch completely. (P.J.)</li> <li>There was no record of the emergency lights tested annually for 90 minutes.</li> </ul>		<ul style="list-style-type: none"> <li>The client's bedroom door closure was adjusted to properly self-latch. (P.J.)</li> <li>An annual 90 minute test was completed and documented on the March inspection form.</li> </ul>	3-28-14 3-31-14
5-.02(1)	The bottom oven door handle was not attached on the right hand side.		The bottom oven door handle has been ordered and will be replaced upon delivery. Ordered on 4/14/14.	4-18-14
4-.06(2)(a)	<b>Betty Roberts Home</b> The fire door to the living room would not completely self-latch.		The fire door to the living room has been ordered and will be replaced upon delivery. Ordered on 4/07/14, (sales person said it would be two weeks before we would receive the door).	4-30-14
5-.02(1)	Several of the window blind slats were broken in client's bedroom. (L.H.)		The window blinds were removed from the client's bedroom. (L.H.)	4-1-14
	The window blind rod hook was broken which prevented the blinds being adjusted (opened/closed). (T.H. bedroom)		The window blinds were removed from the client's bedroom. (T.H.)	4-1-14
Signature of Licensure Reviewer:		Review Date:	Signature of Licensee or Authorized Agent:	Date of Signature: 4-14-14

September 23, 2015

12:18 pm

P.O.C. Review Codes: A= Approved.

AE= Approved With Exception

RR= Rejected-Resubmit

RS= Rejected-Sanction

Plan of Compliance must be returned no later than August 17, 2014 to: State Regional Office of Licensure and Review

Greene Valley Developmental Center- Hawthorn Building

PO Box 910, Greeneville, TN 37744-0910

Attention: Elaine Matthews, Licensure Coordinator, or by email to: Elaine.C.Matthews@tn.gov

# Licensure PLAN OF COMPLIANCE FORM FACILITY: Michael Dunn Center

## PLAN OF COMPLIANCE

Reference Rule Number 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. REVIEW CODE	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.06(2)(a)	<b>Simmons Manor</b> <ul style="list-style-type: none"> <li>The exit door in the left hallway would not completely self-latch.</li> <li>The hallway fire doors were propped open at time of inspection.</li> </ul>		<ul style="list-style-type: none"> <li>The closure to the exit door in the left hallway has been adjusted to completely self-latch.</li> </ul>	4-1-14
5-.02(1)	The popcorn ceiling in the bathroom by the client's bedroom was peeling off in areas. (H.T.)		The popcorn ceiling in the bathroom by the client's bedroom has been completely peeled off and painted.	4-15-14
5-.02(1)	<b>Webster Home</b> <ul style="list-style-type: none"> <li>Some of the window blind slats were broken in the client's bedroom. (D.B.)</li> <li>Some plaster was peeling on the wall above the shower area of bathroom. (Left hall bathroom)</li> </ul>		<ul style="list-style-type: none"> <li>The window blinds were replaced in the client's bedroom. (D.B)</li> <li>The bathroom wall will be repaired by April 25, 2014</li> </ul>	4-10-14 4-25-14
4-.02 (2)	<b>Herron Home</b> <ul style="list-style-type: none"> <li>The exit light right beside the front door was inoperable.</li> <li>The emergency light in the hallway was inoperable.</li> </ul>		<ul style="list-style-type: none"> <li>The exit light right beside the front door has been replaced.</li> <li>The emergency light in the hallway was replaced.</li> </ul>	3-28-14 3-28-14
Signature of Licensure Reviewer:		Review Date:	Signature of Licensee or Authorized Agent:	Date of Signature: 4-14-14
P.O.C. Review Codes: A= Approved.		AE= Approved With Exception	RR= Rejected-Resubmit	RS= Rejected-Sanction

Plan of Compliance must be returned no later than April 17, 2014 to: State Regional Office of Licensure and Review

Greene Valley Developmental Center- Hawthorn Building

PO Box 910, Greeneville, TN 37744-0910

**September 23, 2015**

**12:18 pm**

**LICENSURE PLAN OF COMPLIANCE FORM**  
**FACILITY: Michael Dunn Center**

**PLAN OF COMPLIANCE**

Reference Rule Number 0940-5-	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. REVIEW CODE	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.03(2)(a)	The Henry Center Various combustible spray paint containers and other miscellaneous hardware supply cans were found in a storage closet.		All various combustible spray paint containers and other miscellaneous hardware supply cans have been removed from the storage closet.	4-4-14
5-.04(3)	No paper towels were found in the bathroom across from Room #11.		The paper towels have been stocked in the bathroom across from Room #11.	3-28-14
5-.02(1)	One side of the toilet paper roll holder was not attached to the wall in Room #13 bathroom.  A ceiling tile was hanging down in the PT room.  There were several pieces of ceiling tile missing in the Mop Closet.		The toilet paper roll holder was replaced in the Room #13 bathroom.  The ceiling tile hanging down in the PT room was repaired.  The several pieces of ceiling tile missing in the Mop Closet have been replaced.	4-3-14  4-4-14  4-4-14
Signature of Licensure Reviewer:		Review Date:	Signature of Licensee or Authorized Agent:	Date of Signature: 4-14-14

P.O.C. Review Codes: A= Approved.

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RS= Rejected-Sanction

Plan of Compliance must be returned no later than April 17, 2014 to: State Regional Office of Licensure and Review  
 Greene Valley Developmental Center- Hawthorn Building  
 PO Box 910, Greeneville, TN 37744-0910

Attention: Elaine Matthews, Licensure Coordinator  
 Or by email to: [Elaine.C.Matthews@tn.gov](mailto:Elaine.C.Matthews@tn.gov)



**SUPPLEMENTAL #1****September 23, 2015****12:18 pm**

 <p align="center"><b>LICENSEE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM</b> STATE OF TENNESSEE DEPARTMENT OF DEVELOPMENTAL DISABILITIES</p>		<p><b>DATE OF NOTICE:</b> 3/19/2015</p>		<p><b>NOTICE OF NON-COMPLIANCE TO:</b> (Licensee's Name &amp; Address) Michael Dunn Center 629 Gallaher Road Kingston, TN 37763</p>	
<p><b>NAME AND ADDRESS OF DIDD LICENSEE OFFICE SENDING NOTICE:</b> East Tennessee office of Licensure and Review Greene Valley Developmental Center, Hawthorne Building PO Box 910 Greenville, TN 37744-0910</p>		<p><b>PAGE 1 OF 4 PAGE(S)</b></p>		<p><b>NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE:</b> Building I Lee Kribbs Building Simmons Manor Lacroix Home Hope Haven II</p>	
<p><b>EVENT AND DATE RESULTING IN THIS NOTICE:</b> License Survey completed 3/16-17/2015</p>		<p><b>YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN:</b> 3/29/2015</p>			
<p><b>NOTICE TO LICENSEE:</b> Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the DIDD Office of Licensure listed above.</p>					

Reference Rule Number	Summary of The Findings Of Non-Compliance With The Rules Referenced	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
	<b>Building I-</b>			
4-.02(2)	The Fire doors right of office did not automatically close.		We have scheduled an appointment with the fire alarm company, and they are going to do the repairs.	4/15/15
4-.02(2)	Outside exit doors in Rooms # 2 and #7 did not positively latch completely.		The outside exit doors in Rooms # 2 and # 7 have been adjusted to positively latch completely.	3/23/15
4-.02(2)	The Journey café exit sign is not operable.		The Journey Café exit sign has been repaired.	3/17/15
4-.02(2)	The Community room exit sign by outside entrance did not work.		The Community Room exit sign has been repaired.	3/23/15
4-.02(2)	Room #7 Emergency light was inoperable.		Room # 7 emergency light has been replaced.	3/17/15

SIGNATURE OF DIDD REVIEWER OF P.O.C.

DATE OF REVIEW:

3-30-15

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:

DATE OF SIGNATURE:

P.O.C. Review Codes (See Review &amp; Approval Status Form For Explanations)

A=Approved.

AE=Approved With Exception.

RR=Rejected-Resubmit.

RS=Rejected-Sanction.

3.30.15

**September 23, 2015**

**12:18 pm**

4

Reference Rule Number	Summary Of The Findings Of Non- Compliance With The Rules Referenced	P.O.C. Review Code	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
	<b>Building I Cont -</b>			
5-.02(1)	The toilet seat was loose in the woman's bathroom by the employee entrance.		The toilet seat in the woman's bathroom by the employee entrance has been tightened.	3/23/15
5-.02(1)	Class room #6 Bathroom toilet seat was loose.		Class room # 6 bathroom toilet seat has been tightened.	3/23/15
5-.02(2)	Classroom #9 Bathroom drywall is damaged right inside of door, the ceiling light cover is broken, the toilet seat is loose.		Classroom # 9 bathroom drywall has been repaired inside of the door. The ceiling light fixture has been replaced, and the toilet seat has been tightened.	3/18/15
5-.02(1)	The front entrance Reception area is missing a blank electrical cover over the electrical box.		The front entrance Reception area blank electrical cover has been installed over the electrical box.	3/26/15
5-.06	Ford bus # 158 back outer passenger side tire is in need of replacement.		Ford Bus # 158 had four new tires put on.	3/25/15
4-.02(2)	Ford bus # 231 Fire Extinguisher is not mounted.		Ford Bus # 231 had the fire extinguisher properly mounted.	3/24/15
4-.02(2)	Bus License # p81-24D Fire Extinguisher is not mounted.		Bus License # P81-24D had the fire extinguisher properly mounted.	3/24/15

**SIGNATURE OF DIDD REVIEWER OF P.O.C.:**

*Mark R. Reddy*

**DATE OF REVIEW:**

3-30-15

**SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:**

*[Signature]*

**DATE OF SIGNATURE:**

3-30-15

\*P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.)

A = Approved.

AE = Approved With Exception. RR = Rejected-Resubmit. RS = Rejected-Sanction.

**SUPPLEMENTAL #1****September 23, 2015****12:18 pm**

4

Reference Rule Number	Summary Of The Findings Or Non- Compliance With The Rules Referenced	P.O.C., Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-.05(2)a	<b>Lee Kribbs Building-</b> The men restroom emergency light is inoperable.		The men's restroom emergency light has been repaired.	3/17/15
5-.02(1)	<b>Simmons Manor-</b> JC's room has the popcorn ceiling deteriorating around the A/C vent over the bed.		The deteriorating popcorn ceiling in JC's room was scraped off, and new popcorn ceiling was put up around the A/C vent.	3/24/15
5-.02(1)	SJ's room has hole in the wall as you walk in on the right hand side of the sheetrock.		The hole in the wall in SJ's room has been patched.	3/24/15
5-.02(1)	<b>Lacroix Home-</b> Right exit door in hallway needs a blind/window covering.		Dark window tint has been installed on the right exit door in the hallway.	3/26/15
5-.03(3)	Bedrooms 1,2,3,4, 5, 6 and 7 are missing blinds.		The blinds for bedrooms 1,2,3,4,5,6, and 7 have been ordered. They will be installed upon delivery.	04/10/15
5-.03(4)e	<b>Hope Haven II-</b> Bathroom #1 is missing towel rod holder.		The old towel rod holder was removed from bathroom #1, and a new towel bar was installed.	3/25/15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:

DATE OF REVIEW:

3-30-15

\*P.O.C. Review Code: (See Review &amp; Approval Status Form For Explanations.)

A = Approved.

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:

DATE OF SIGNATURE:

3.30.15

AE = Approved With Exception. RR = Rejected-Resubmit. RS = Rejected-Sanction.



**SUPPLEMENTAL #1****September 23, 2015****12:18 pm**

4

Reference Rule Number	Summary Of The Findings Of Non- Compliance With The Rules Referenced	P.O.C. Review Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
5-.02(1)	Bedroom # 2 is missing a piece of baseboard near the door.		Bedroom # 2 piece of baseboard behind the door has been installed.	3/25/15
5-.03(1)(f)	Bedroom # 3 is missing three handles from dresser.		The dresser had remaining old knobs removed, and all new dresser knobs installed.	3/25/15
5-.03(3)	Bedroom # 6 and # 8 does not have blinds.		The blinds in Rooms #6 and #8 have been installed.	3/25/15
21-.04(a)	Henry Center- There was no photo of client found in record of (M.G. or A.H.).		Photos of M.G. and A.H have been received and placed in the master file of each child.	3/23/15
21-.02(3)	There was no immunization record found in client record (MG).		Immunization record of M.G. was obtained and placed in his master file.	3/23/15
21-.09(d)	There was no IFSP signature sheet found in client record (A.H.)		IFSP signature sheet was received from the Service Coordinator and placed in the master file of A.H.	3/23/15

SIGNATURE OF DIDD REVIEWER OF P.O.C.:

DATE OF REVIEW:

3-30-15

\*P.O.C. Review Codes: (See Review &amp; Approval Status Form For Explanations.)

A = Approved.

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:

DATE OF SIGNATURE:

3-30-15

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**SUPPLEMENTAL #1**

**September 23, 2015**

**12:18 pm**

**STATE OF TENNESSEE  
DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL  
DISABILITIES**

**East Tennessee Regional Office of Licensure and Review  
Greene Valley Developmental Center, Hawthorn Building  
PO Box 910  
Greeneville, Tennessee 37744-0910**

March 30, 2015

Tiffany Whittenbarger  
Michael Dunn Center  
629 Gallaher Road.  
Kingston, TN 37763

Dear Ms. Tiffany Whittenbarger :

A review has been completed of the Michael Dunn Center. plan of compliance that was submitted on March 30, 2015. The approval status given your plan is: **Approved**- Your plan of compliance is acceptable. You are expected to meet the terms of your plan.

A copy of your plan of compliance is being returned to you and is enclosed. This approval status letter and your plan of compliance should become part of your records.

If you have any questions, please contact me by phone at (423) 787-6553 or by email at [Elaine.C.Matthews@tn.gov](mailto:Elaine.C.Matthews@tn.gov)

Sincerely,

Kevin R. Beddingfield  
Licensure Surveyor, East Region  
Department of Intellectual and Developmental Disabilities

## PROJECT COMPLETION FORECAST CHART

September 23, 2015

12:18 pm

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): 12-16-15

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	_____	_____
2. <u>Construction documents approved by the Tennessee Department of Health</u>	_____	_____
3. <u>Construction contract signed</u>	_____	_____
4. <u>Building permit secured</u>	_____	_____
5. <u>Site preparation completed</u>	_____	_____
6. <u>Building construction commenced</u>	_____	_____
7. <u>Construction 40% complete</u>	_____	_____
8. <u>Construction 80% complete</u>	_____	_____
9. <u>Construction 100% complete (approved for occupancy)</u>	_____	_____
10. <u>*Issuance of license</u>	_____	01-01-16
11. <u>*Initiation of service</u>	_____	01-01-16
12. <u>Final Architectural Certification of Payment</u>	_____	_____
13. <u>Final Project Report Form (HF0055)</u>	_____	_____

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

**September 23, 2015**

**12:18 pm**

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF Roane

NAME OF FACILITY: Michael Dunn Center

I, Mike McElhinney, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Mike McElhinney President/CEO  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 22<sup>nd</sup> day of Sept, 2015, witness my hand at office in the County of Roane, State of Tennessee.

Michele Mayton  
NOTARY PUBLIC

My commission expires 1-15, 2018.

HF-0043

Revised 7/02



# Supplemental #2 -ORIGINAL-

Michael Dunn Center

CN1509-038



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson Building, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615/532-9940

**SUPPLEMENTAL #2**

**September 29, 2015**

**10:53 am**

September 28, 2015

Mike McElhinney  
President/CEO  
Michael Dunn Center  
629 Gallaher Road  
Kingston, Tennessee 37763

RE: Certificate of Need Application CN1509-038  
Michael Dunn Center

Dear Mr. McElhinney:

This will acknowledge our September 23, 2015 receipt of your application for a Certificate of Need for the establishment of a four (4) bed ICF/DD home for four (4) residents located at 313 Michael Dunn Drive in Rockwood (Roane County), Tennessee 37748.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 noon, Monday September 28, 2015.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

#### 1. Section A. (Applicant Profile) Item 5

The applicant indicates there are no plans for a management company. Please provide a replacement page for page 7 noting "N/A" for Item 5. (*See Attachment 1*)

#### 2. Section A. (Applicant Profile) Item 8

The revised bed complement bed chart is noted. However, please provide a total and resubmit. (*See Attachment 2*)

#### 3. Section B, Project Description, Item II.C.



The applicant described the need to provide adult psychiatric services. The applicant is not seeking a certificate of need for an inpatient psychiatric unit. Please only describe your need to provide "11.ICF/DD Services" and resubmit a replacement page. (See Attachment 3)

**4. Section C. (Need) Item 4 (Population Demographics)**

Your response to this item is noted. Please revise the table below to use the current year (CY) as 2015 and the projected year (PY) as 2019 and resubmit.

<i>Variable</i>	<i>Roane County</i>	<i>Tennessee</i>
<b><i>Current Year (2015), Age 65+</i></b>	<b><i>12,293</i></b>	<b><i>1,051,862</i></b>
<b><i>Projected Year (2019), Age 65+</i></b>	<b><i>14,001</i></b>	<b><i>1,219,696</i></b>
<b><i>Age 65+, % Change</i></b>	<b><i>13.9%</i></b>	<b><i>16%</i></b>
<b><i>Age 65+, % Total (2015)</i></b>	<b><i>22.2%</i></b>	<b><i>15.6%</i></b>
<b><i>2015, Total Population</i></b>	<b><i>55,411</i></b>	<b><i>6,735,706</i></b>
<b><i>2019, Total Population</i></b>	<b><i>56,152</i></b>	<b><i>7,035,572</i></b>
<b><i>Total Pop. % Change</i></b>	<b><i>1.3%</i></b>	<b><i>4.5%</i></b>
<b><i>TennCare Enrollees</i></b>	<b><i>11,502</i></b>	<b><i>1,447,657</i></b>
<b><i>TennCare Enrollees as a % of Total Population</i></b>	<b><i>20.75%</i></b>	<b><i>21.5%</i></b>
<b><i>Median Age</i></b>	<b><i>45.4</i></b>	<b><i>37.2</i></b>
<b><i>Median Household Income</i></b>	<b><i>\$42,223</i></b>	<b><i>\$44,298</i></b>
<b><i>Population % Below Poverty Level</i></b>	<b><i>15%</i></b>	<b><i>17.6%</i></b>

**5. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)**

It is noted the applicant is expecting an appraisal of the property this week and will submit the documentation. However, please note the applicant will need to revise the Project Costs Chart with the greater amount of the property fair market value or the total amount of lease payments over a 30 Year Term. The amount should be at least \$1,260,000 which is the sum of the applicant's lease payment of \$3,500 per month over a 30 year term. Please insert the greater amount in line B.1 of the Project Costs cost and resubmit a replacement page. (See Attachment 4 for the Project Cost Chart. The appraisal is still pending, but it is not believed that the value of the facility exceeds \$1,260,000.)

Please provide documentation from licensed construction industry professional (i.e., architect, builder, engineer) or equivalent describing the project's facility required modifications and his/her estimate of the cost to complete the modifications to provide a physical environment, according to applicable federal state and local construction codes, standards, specifications, and requirements, including the latest AIA Guidelines for Design and Construction of Health Care Facilities and the Americans with Disabilities Act.

*Response: On a conference call on 9-18-15 it was suggested that a letter be written from the Director of Engineering at Michael Dunn Center to explain the minor renovations and associated costs due to this home already being licensed by DIDD. This letter had*

*been incorporated into the request for supplemental information, but is now attached as a written letter. (See Attachment 5)*

**6. Section C. (Economic Feasibility) Item 4 (Historical Data Chart)**

The revised Projected and Historical Chart is noted. However, please use a comma to separate groups of three digits of 1,000 or greater to make reading numbers easier/clearer and resubmit both charts. *(See Attachments 6 and 7 respectively)*

Historical Data Chart amounts in A.4 in Year 2012 and D.1 in Year 2014 appear to be in error. Please correct. *(See Attachment 7)*

Please complete the Projected Data Chart to include line totals for Net Operating Revenue, Net Operating Income (loss) and Net Operating Income (loss) less Capital Expenditures and resubmit.

*Response: With the correction of the Gross Operating Revenue totals, the Net Operating Revenue (loss) Less Capital Expenditures is correct at \$0.00. (See Attachment 7)*

Does the applicant expect to breakeven each year? If so, how is this achieved in the accounting process each year? *No, the goal is to breakeven. We do an annual budget, but the probability of breaking even is minimal.*

**7. Section C. (Economic Feasibility) Item 5**

Your response is noted. Please identify the project's gross charge, average deduction from operating revenue, and average net charge per patient day. The applicant should divide the total patient days in Year One of the Projected Data Chart into the total gross charges, deductions from operating revenue total, and total net charges to calculate the charges. Please complete the following:

Gross Charge per Day  $(\$1,155,386 / 1,460 \text{ days}) = \$791.36$

Average Deduction from Operating Revenue  $(\$0.00 / 1,460 \text{ days}) = \$0.00$

Average Net Charge per Day  $= \$1,155,386 / 1,460 \text{ days} = \$791.36$

The response explaining the use of resident's SSI and food stamp funds are noted. However, please indicate the amount and percentage of gross revenue in Year One that represents patient SSI payments and food stamps.

*Response: Gross revenue does not include any SSI or food stamp funds and the percentage of SSI and food stamp funds in Gross Revenue is 0%. The individuals living in our ICF homes are not eligible for food stamps. The individuals living in our ICF homes that receive SSI benefits only receive a personal allowance that is deposited into the individuals' personal bank account and is only used for the individual's personal spending.*

**8. Section C (Contribution to Orderly Development) Item 3. (Current & Anticipated Staffing)**

The requested staffing chart is noted. However, please clarify where the Director, Assistant Director, and Supervisor (who are also licensed nurses) mentioned on page 4 of the original application are accounted for in the chart. If needed, please incorporate the 3 positions into the staffing chart and resubmit.



*Response: The Supervisor position noted above is the same position as the Resident Manager on the previously submitted chart. The Director and the Assistant Director have been inserted into the chart below.*

	Proposed (FTE)	TN Dept. Workforce Development prevailing wages (Per Hour)
Resident Manager	.5FTE	\$23.77
Qualified MR Professional	.5FTE	\$18.13
RN	.33FTE	\$21.72
LPN	4.4FTE	\$16.78
Direct Support Workers	11.2FTE	\$8.77
Physical Therapist	.04FTE	\$36.08
Occupational Therapist	.04FTE	\$35.03
Speech Therapist	.04FTE	\$31.30
Housekeeping Maintenance and Grounds	.1FTE	\$10.00
Director of Health Services, RN(Not direct Care)	.125 FTE	\$32.07
Assistant Director of Health Services (Not direct care)	.125 FTE	\$32.07
Other Central Office Support Personnel	1.0FTE	\$18.54
Total	18.4FTE	

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application, the sixtieth (60<sup>th</sup>) day after written Notification is Friday, November 13, 2015. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart  
Health Services Development Examiner

PME

Enclosure

**September 29, 2015****10:53 am**5. Name of Management/Operating Entity (If Applicable)

NA  
 Name  
 NA  
 Street or Route  
 NA  
 City

NA  
 State

NA  
 County  
 NA  
 Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

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6. Legal Interest in the Site of the Institution (Check One) (See Attachment 4)

A. Ownership \_\_\_\_\_  
 B. Option to Purchase \_\_\_\_\_  
 C. Lease of 30 Years X  
 D. Option to Lease \_\_\_\_\_  
 E. Other (Specify) \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

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7. Type of Institution (Check as appropriate--more than one response may apply)

A. Hospital (Specify) \_\_\_\_\_  
 B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty \_\_\_\_\_  
 C. ASTC, Single Specialty \_\_\_\_\_  
 D. Home Health Agency \_\_\_\_\_  
 E. Hospice \_\_\_\_\_  
 F. Mental Health Hospital \_\_\_\_\_  
 G. Mental Health Residential Treatment Facility \_\_\_\_\_  
 H. Mental Retardation Institutional Habilitation Facility (ICF/MR) X  
 I. Nursing Home \_\_\_\_\_  
 J. Outpatient Diagnostic Center \_\_\_\_\_  
 K. Recuperation Center \_\_\_\_\_  
 L. Rehabilitation Facility \_\_\_\_\_  
 M. Residential Hospice \_\_\_\_\_  
 N. Non-Residential Methadone Facility \_\_\_\_\_  
 O. Birthing Center \_\_\_\_\_  
 P. Other Outpatient Facility (Specify) \_\_\_\_\_  
 Q. Other (Specify) \_\_\_\_\_

8. Purpose of Review (Check) as appropriate--more than one response may apply)

A. New Institution X  
 B. Replacement/Existing Facility \_\_\_\_\_  
 C. Modification/Existing Facility \_\_\_\_\_  
 D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) \_\_\_\_\_  
 E. Discontinuance of OB Services \_\_\_\_\_  
 F. Acquisition of Equipment \_\_\_\_\_  
 G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] \_\_\_\_\_  
 H. Change of Location \_\_\_\_\_  
 Other (Specify) Convert a DIDD Res. Hab. Home into an ICF/ IID X  
 I. location with 4 beds. \_\_\_\_\_

**September 29, 2015****10:53 am****9. Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	<u>0</u>	<u>0</u>	_____	<u>4</u>	<u>4</u>
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	<u>0</u>	<u>0</u>	_____	<u>4</u>	<u>4</u>

\*CON-Beds approved but not yet in service

10. Medicare Provider Number MDC PTAN # 103g705293  
 Certification Type Multispecialty Clinic or Group Practice

11. Medicaid Provider Number H445387  
 Certification Type ICF/IDD

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.  
 (See Attachment 5)

September 29, 2015  
10:53 am

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services-
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)- NA
3. Birthing Center-NA
4. Burn Units-NA
5. Cardiac Catheterization Services-NA
6. Child and Adolescent Psychiatric Services-
7. Extracorporeal Lithotripsy-NA
8. Home Health Services-NA
9. Hospice Services-
10. Residential Hospice- NA
11. ICF/MR Services- *Michael Dunn Center specializes in the support of individuals with intellectual and developmental disabilities by providing many service areas including eight existing and occupied ICF/ IDD beds. The families and conservators for individuals moving out of GVDC are requesting their family members move only to ICF beds in the community setting. As of July 18<sup>th</sup>, 2015 GVDC was home to 91 individuals needing community placement. The addition of this home will provide community living to four of those individuals whose families have chosen this region for services.*  
*Michael Dunn Centers' ICF beds are designed to provide long term residential supports to individuals with intellectual and developmental disabilities. These individuals do not have adequate or willing family or conservator supports to reside with their families or they have chosen this more independent lifestyle. The average admission length for the existing eight ICF beds at MDC is 13.75 years, with six of the individuals residing there for 18 years and two of the individuals residing there approximately one year each.*
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)- NA
14. Mental Health Residential Treatment-NA
15. Neonatal Intensive Care Unit- NA
16. Non-Residential Methadone Treatment Centers- NA
17. Open Heart Surgery- NA
18. Positron Emission Tomography- NA
19. Radiation Therapy/Linear Accelerator- NA
20. Rehabilitation Services
21. Swing Beds

D. Describe the need to change location or replace an existing facility.  
Response: NA

## PROJECT COSTS CHART

**SUPPLEMENTAL #2****September 29, 2015****10:53 am**

## A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees \_\_\_\_\_
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees \$1000
3. Acquisition of Site \_\_\_\_\_
4. Preparation of Site \_\_\_\_\_
5. Construction Costs \_\_\_\_\_
6. Contingency Fund \_\_\_\_\_
7. Fixed Equipment (Not included in Construction Contract) \_\_\_\_\_
8. Moveable Equipment (List all equipment over \$50,000) \$168,104
9. Other (Specify) \_\_\_\_\_

## B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land) \$1,260,000
2. Building only \_\_\_\_\_
3. Land only \_\_\_\_\_
4. Equipment (Specify) \_\_\_\_\_
5. Other (Specify) \_\_\_\_\_

## C. Financing Costs and Fees:

1. Interim Financing \_\_\_\_\_
2. Underwriting Costs \_\_\_\_\_
3. Reserve for One Year's Debt Service \_\_\_\_\_
4. Other (Specify) \_\_\_\_\_

D. Estimated Project Cost  
(A+B+C)\$1,429,104.00

## E. CON Filing Fee

\$3215.48F. Total Estimated Project Cost  
(D+E)**TOTAL** **\$1,432,319.48**



**SUPPLEMENTAL #2**

**September 29, 2015**

**10:53 am**

629 Gallaher Road  
Kingsport, TN 37763  
(865) 376-3416  
www.michaeldunncenter.org

September 25, 2015

To: Health Services and Development Agency,

We have determined we will need to construct a fire wall to enclose the kitchen area. This wall will extend from the floor to the roof and will have a double layer of 5/8 firewall sheetrock and the associated finishing work. The kitchen area has two doors that will be changed to fire rated doors to meet the requirements. The estimated cost for this renovation is \$6,500 and will be completed by the Michael Dunn Center Engineering Department.

Sincerely,



Gary Heidle  
Director of Engineering  
Michael Dunn Center



**PROJECTED DATA CHART****September 29, 2015****10:53 am**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	<u>Year 2017</u>	<u>Year 2018</u>
A. Utilization Data (Specify unit of measure)	<u>1460 days</u>	<u>1460 days</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$1,155,386.00</u>	<u>\$1,046,704.0</u>
2. Outpatient Services	<u>0</u>	<u>0</u>
3. Emergency Services	<u>0</u>	<u>0</u>
4. Other Operating Revenue (Specify) _____	<u>0</u>	<u>0</u>
<b>Gross Operating Revenue</b>	<b><u>\$1,155,386.00</u></b>	<b><u>\$1,046,704.00</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 0</u>	<u>\$ 0</u>
2. Provision for Charity Care	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>0</u>	<u>0</u>
<b>Total Deductions</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
D. Operating Expenses		
1. Salaries and Wages	<u>\$688,971.00</u>	<u>\$702,751.00</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>
3. Supplies	<u>138,934.00</u>	<u>32,640.00</u>
4. Taxes	<u>65,399.00</u>	<u>59,247.00</u>
5. Depreciation	<u>42,026.00</u>	<u>42,026.00</u>
6. Rent	<u>42,000.00</u>	<u>42,000.00</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>
8. Management Fees:		
a. Fees to Affiliates	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>0</u>	<u>0</u>
9. Other Expenses (Specify) <u>Occupancy, travel, admin.</u>	<u>178,056.00</u>	<u>168,040.00</u>
<b>Total Operating Expenses</b>	<b><u>\$1,155,386.00</u></b>	<b><u>\$1,046,704.00</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$ 0</u>	<u>\$ 0</u>
2. Interest	<u>0</u>	<u>0</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>



## HISTORICAL DATA CHART

**SUPPLEMENTAL #2****September 29, 2015****10:53 am**

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in July (Month).

	<u>Year 2012</u>	<u>Year 2013</u>	<u>Year 2014</u>
A. Utilization Data (Specify unit of measure)	29,618	30,962	30,862
Revenue from Services to Patients			
1. Inpatient Services	<u>\$7,595,000</u>	<u>\$7,931,000</u>	<u>\$8,635,000</u>
2. Outpatient Services	<u>\$3,117,000</u>	<u>\$3,100,000</u>	<u>\$2,860,000</u>
3. Emergency Services	<u>0</u>	<u>0</u>	<u>0</u>
4. Other Operating Revenue	<u>\$316,000</u>	<u>\$262,000</u>	<u>\$104,000</u>
(Specify) _____			
<b>Gross Operating Revenue</b>	<b><u>\$11,028,000</u></b>	<b><u>\$11,293,000</u></b>	<b><u>\$11,599,000</u></b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
2. Provision for Charity Care	<u>0</u>	<u>0</u>	<u>0</u>
3. Provisions for Bad Debt	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Deductions</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$11,028,000</u></b>	<b><u>\$11,293,000</u></b>	<b><u>\$11,599,000</u></b>
D. Operating Expenses			
1. Salaries and Wages	<u>\$8,296,000</u>	<u>\$8,680,000</u>	<u>\$9,514,000</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>	<u>0</u>
3. Supplies	<u>\$583,000</u>	<u>\$478,000</u>	<u>\$497,000</u>
4. Taxes	<u>0</u>	<u>0</u>	<u>0</u>
5. Depreciation	<u>97000</u>	<u>91000</u>	<u>75000</u>
6. Rent	<u>0</u>	<u>0</u>	<u>0</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>	<u>0</u>
8. Management Fees:			
a. Fees to Affiliates	<u>0</u>	<u>0</u>	<u>0</u>
b. Fees to Non-Affiliates	<u>0</u>	<u>0</u>	<u>0</u>
9. Other Expenses (Specify) <u>Occupancy, Travel, Misc.</u>	<u>\$1,844,000</u>	<u>\$1,933,000</u>	<u>\$1,854,000</u>
<b>Total Operating Expenses</b>	<b><u>\$10,820,000</u></b>	<b><u>\$11,182,000</u></b>	<b><u>\$11,940,000</u></b>
E. Other Revenue (Expenses) – Net (Specify)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 208,000</u></b>	<b><u>\$111,000</u></b>	<b><u>\$(341,000)</u></b>
F. Capital Expenditures			
1. Retirement of Principal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
2. Interest	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$ 208,000</u></b>	<b><u>\$ 111,000</u></b>	<b><u>\$(341,000)</u></b>

September 29, 2015

10:53 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF RoaneNAME OF FACILITY: Michael Dunn Center

I, Mike McElhinney, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

[Signature]  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28<sup>th</sup> day of September, 2015, witness my hand at office in the County of Roane, State of Tennessee.

Michele Mayton  
NOTARY PUBLIC

My commission expires Jan 15, 2018.

HF-0043

Revised 7/02

